

Town of Franklinton**Annual Financial Statements**

**As of and for the Year Ended October 31, 2008
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/13/09

Town of Franklinton
Annual Financial Statements
As of and for the Year Ended October 31, 2008
With Supplemental Information Schedules

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report		6 - 7
Required Supplemental Information (Part I):		
Management's Discussion and Analysis.....		9 - 18
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	A	20
Statement of Activities	B	21 - 22
Fund Financial Statements:		
Governmental Funds Financial Statements:		
Balance Sheet, Governmental Funds	C	24
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets	D	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	26 - 27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	28
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	29
Statement of Revenues, Expenses and Changes in Net Assets	H	30
Statement of Cash Flows	I	31 - 32
Notes to the Financial Statements.....		34 - 62

Town of Franklinton
Annual Financial Statements
As of and for the Year Ended October 31, 2008
With Supplemental Information Schedules

TABLE OF CONTENTS

	Schedule	Page
Required Supplemental Information (Part II):		
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund - Summary.....	1	64 - 65
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund - Detail	2	66 - 69
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Special Revenue Fund – Streets and Drainage Sales Tax Fund	3	70
Other Supplemental Information:		
Non-Major Governmental Funds:		
Combining Balance Sheet, Nonmajor Governmental Funds.....	4	73
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Governmental Funds	5	74
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual, Special Revenue Fund - Police Ad Valorem	6	75
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual, Special Revenue Fund - Street and Drainage Ad Valorem	7	76
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual, Special Revenue Fund - Equipment Sales Tax	8	77
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual, Special Revenue Fund - Building & Facilities Sales Tax	9	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual, Special Revenue Fund - Industrial Development Sales Tax	10	79

Town of Franklinton
Annual Financial Statements
As of and for the Year Ended October 31, 2008
With Supplemental Information Schedules

TABLE OF CONTENTS

	Schedule	Page
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual, Special Revenue Fund - Rural Development Grant.....	11	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual, Special Revenue Fund - Industrial Development Grant Fund.....	12	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual, Special Revenue Fund - Fire Fund	13	82
Proprietary Funds - Utility Fund:		
Comparative Schedule of Net Assets	14	84
Comparative Schedule of Revenues, Expenses and Changes in Net Assets	15	85
Comparative Schedule of Cash Flows.....	16	86 - 87
Combining Schedule of Net Assets by Department.....	17	88
Combining Schedule of Revenues, Expenses & Changes in Net Assets by Dept....	18	89
Schedule of Revenues, Expenses and Changes in Net Assets Budget (GAAP Basis) and Actual – Gas Utility System	19	90
Schedule of Revenues, Expenses and Changes in Net Assets Budget (GAAP Basis) and Actual – Water Utility System.....	20	91
Schedule of Revenues, Expenses and Changes in Net Assets Budget (GAAP Basis) and Actual – Sewer Utility System	21	92
Schedule of Gas, Water and Sewer Rates	22	93
Schedule of Number of Customers	22	93
Schedule of Insurance	23	94
Schedule of Compensation Paid to Board Members.....	24	95

Town of Franklinton
Annual Financial Statements
As of and for the Year Ended October 31, 2008
With Supplemental Information Schedules

TABLE OF CONTENTS

	Schedule	Page
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		96 - 97
Schedule of Findings and Responses		98
Schedule of Prior Year Findings		99



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, Wayne Fleming
and Board of Aldermen
Town of Franklinton, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **TOWN OF FRANKLINTON, LOUISIANA** (the Town), as of and for the year ended October 31, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of **TOWN OF FRANKLINTON, LOUISIANA**, as of October 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2009, on our consideration of **TOWN OF FRANKLINTON, LOUISIANA's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

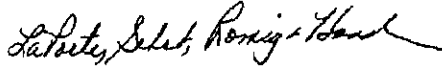
110 VETERANS MEMORIAL BOULEVARD, SUITE 200, METairie, LA 70005-4958 • 504.835.5522 • FAX 504.835.5535
5100 VILLAGE WALK, SUITE 300, COVINGTON, LA 70433-4012 • 985.892.5850 • FAX 985.892.5956
TOWN HALL WEST, 10000 PERKINS ROWL, STE 200, BATON ROUGE, LA 70810-1797 • 225.296.5150 • FAX 225.296.5151
WWW.LAPORTE.COM

RSM McGladrey Network

© 2009 RSM McGladrey and Associates

The management's discussion and analysis and the budgetary comparison schedules, listed in the table of contents as required supplemental information parts I and II, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The accompanying information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules listed as Schedules 4 through 24 have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all materials respects, in relation to the basic financial statements taken as a whole.


A Professional Accounting Corporation

April 6, 2009

Required Supplemental Information (Part I)
Management's Discussion and Analysis

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008

Introduction

The Town of Franklinton, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements.

Financial Highlights

- At October 31, 2008, the Town's assets exceeded its liabilities by \$10,683,925 (net assets). Of this amount, \$4,417,146 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens.
- The most significant on-going continuing revenue sources for governmental activities of the Town consisted of \$2,106,804 in sales tax revenues, \$327,368 in property taxes, \$216,733 in public utility franchise taxes, and \$355,484 for business licenses and permits. Charges for business-type activities of the utility fund were \$1,276,118 in gas charges, \$492,058 in water charges and \$540,587 in sewer charges.
- The Town's significant expenditures in the current year for governmental activities included \$893,843 for general governmental activities, \$1,744,488 for police and fire protection, and \$881,755 for public works, including streets and drainage maintenance. Expenses for business-type activities of the gas, water, and sewer departments totaled \$2,416,329.
- Accrual of revenues and expenditures for the fiscal year ending October 31, 2006 for Hurricane Katrina resulted in a receivable (Due From) accrued at fiscal year end of \$4,175,100, and a payable of \$3,831,592 accrued at fiscal year end for expenditures related to Katrina. As indicated in *Footnote 21 (Contingent Liabilities)*, the Town of Franklinton has made substantial progress in resolving claims with the Federal Emergency Management Administration (FEMA). Subsequent to the fiscal year end of October 31, 2008, the Town received all of the remaining funds due from FEMA, with the exception of the final request for funds from FEMA, and is nearing final resolution of all outstanding claims related to Hurricane Katrina.
- For the year ended October 31, 2008, the Town's bonds payable in long term debt for the proprietary fund decreased by \$29,239, due to debt repayments, resulting in ending bonds payable of \$2,473,326. Debt for governmental activities, consisting of sales tax bonds issued June 12, 2002, decreased by debt payments of \$407,000 to a principal balance of \$1,349,000.
- The Town completed construction totaling \$1,847,971 on multiple projects for buildings, road development and sewer system evaluation.

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008

Overview of the Annual Financial Report

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the Town determines that presentation of a component unit (which are other governmental units for which the Town can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the Town of Franklinton has no component units.

The Statement of Net Assets presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Town's activities are divided into two types:

Governmental activities - Most of the Town's basic services are reported here, including general government, public safety, streets and sanitation, health and welfare, and culture and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, fire insurance rebates, and fines.

Business-type activities - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008**

between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net assets for the current year as compared to the prior year.

Net Assets
2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and Other Assets	\$ 5,292,038	\$ 6,957,213	\$ 2,904,163	\$ 2,600,708	\$ 8,196,201	\$ 9,557,921
Capital Assets	5,799,828	4,972,883	3,934,615	4,022,196	9,734,443	8,995,079
Total Assets	11,091,866	11,930,096	6,838,778	6,622,904	17,930,644	18,553,000
Liabilities:						
Long-Term Debt Outstanding	1,685,542	2,055,441	2,384,584	2,511,854	4,070,126	4,567,295
Other Liabilities	2,737,748	4,098,880	438,845	299,781	3,176,593	4,398,661
Total Liabilities	4,423,290	6,154,321	2,823,429	2,811,635	7,246,719	8,965,956
Net Assets:						
Invested in Capital Assets, Net of Related Debt	4,412,490	3,163,430	1,586,011	1,579,853	5,998,501	4,743,283
Restricted	180,631	268,563	87,647	126,400	268,278	394,963
Unrestricted	2,075,455	2,343,782	2,341,691	2,105,016	4,417,146	4,448,798
Total Net Assets	\$ 6,668,576	\$ 5,775,775	\$ 4,015,349	\$ 3,811,269	\$ 10,683,925	\$ 9,587,044

Approximately fifty seven percent of the Town's net assets reflect its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately four percent of the Town's net assets represent resources that are subject to external restriction on how they may be used. The Town's restricted net assets primarily consist of cash for capital projects in governmental activities and cash reserves required for customer deposits in business-type activities net of corresponding liabilities.

Approximately thirty nine percent of the Town's net assets are unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for separate governmental and business-type activities

The Town's activities increased its total net assets by \$465,456, with governmental activities increasing net assets by \$222,870 and business-type activities increasing net assets by \$242,586.

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008**

In order to further understand what makes up the changes in net assets, the table on the following page provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008

Changes in Net Assets
For the years ended October 31, 2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	\$ 593,894	\$ 599,021	\$ 2,308,763	\$ 2,106,496	\$ 2,902,657	\$ 2,705,517
Operating Grants	352,514	-	-	-	352,514	-
Capital Grants and Contributions	706,571	12,133	-	-	706,571	12,133
General Revenues:						
Taxes	2,650,905	2,598,047	-	-	2,650,905	2,598,047
Intergovernmental	347,924	337,221	-	-	347,924	337,221
Unrealized Gain (Loss)	(487)	(736)	(16,454)	19,411	(16,941)	18,675
Interest Income	61,327	126,557	86,295	112,815	147,622	239,372
Donations	-	224,040	-	-	-	224,040
Miscellaneous	104,124	35,126	106,489	23,953	210,613	59,079
Gain on Sale of Assets	47,937	74,550	-	-	47,937	74,550
Total Revenues	4,864,709	4,005,959	2,485,093	2,262,675	6,997,288	6,268,634
Expenses:						
General Government	893,843	800,130	-	-	893,843	800,130
Public Safety	1,744,488	1,559,928	-	-	1,744,488	1,559,928
Public Works	881,755	900,926	-	-	881,755	900,926
Sanitation	137,319	140,495	-	-	137,319	140,495
Health and Welfare	500,783	354,718	-	-	500,783	354,718
Transportation	3,549	3,749	-	-	3,549	3,749
Economic Development	322,162	(6,379)	-	-	322,162	(6,379)
Amortization	1,791	1,791	-	-	1,791	1,791
Bond Interest Expense	84,460	110,628	-	-	84,460	110,628
Capital Lease Interest	2,342	-	-	-	2,342	-
Water, Gas, and Sewer Utility	-	-	2,416,329	2,499,811	2,416,329	2,499,811
Total Expenses	4,572,492	3,865,986	2,416,329	2,499,811	6,988,821	6,365,797
Change in Net Assets Before Transfers	292,217	139,973	68,764	(237,136)	360,981	(97,163)
Transfers (Out) In	(173,822)	(185,220)	173,822	185,220	-	-
Transfers to Other Governments	-	-	-	-	-	-
Capital Contributions	439,081	-	-	-	439,081	-
Special Items	(334,606)	-	-	-	(334,606)	-
Change in Net Assets	222,870	(45,247)	242,586	(51,916)	465,456	(97,163)
Net Assets, Beginning	5,503,837	5,549,084	3,811,269	3,863,185	9,315,106	9,412,269
Prior Period Adjustments	669,931	-	(38,506)	-	631,425	-
Net Assets, Beginning	6,445,706	5,549,084	3,772,763	3,863,185	10,218,469	9,412,269
Net Assets, Ending	\$ 6,668,576	\$ 5,503,837	\$ 4,015,349	\$ 3,811,269	\$ 10,683,925	\$ 9,315,106

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008

Governmental Activities

The Town's governmental net assets increased by \$222,870 (before prior period adjustments) or four percent of the prior year ending net assets, to \$6,668,576. The significant factors in this change in net assets are the result of state grants to fund construction projects increasing approximately \$500,000 and general government, public safety and health and welfare expenses each increasing by at least twelve percent. On the revenue side, the construction projects funded at least partially by state grants included the Lee Street Bridge, the Airfield Lighting Project, the Preservation of the Historic Steam Engine Project and the Grand Isle Shipyards Industrial Site building project. There was also approximately \$60,000 from lease income from the Grand Isle Building. On the expense side, the most notable increase was for public safety expenses (police and fire) rising by \$180,560 from 2007 (12 percent) compared to \$266,857 (21 percent) from 2006. Police and fire departmental expenses increased in the police department by \$86,000 for salaries, \$20,000 for workers compensation insurance, and \$25,000 for fuel.

Business-Type Activities

The Town's business-type net assets increased by \$242,586, or six percent of the prior year ending net assets, to \$4,015,349. Charges for services increased by ten percent while operating expenses for the utility fund decreased by \$80,000 (six percent). Notable decreases in expenses were \$90,000 for supplies, and \$45,000 for repairs and maintenance. The overall positive income before transfers of \$68,764 varies within departments of the business-type fund, with the Gas department showing a \$81,562 positive change in net assets, along with the water department for \$95,832 and the Sewer department recording a loss before transfers of \$108,630. The fund had net transfers in of approximately \$173,000 or 72 percent of the change in net assets. Revenue from penalties charged to customers also increased by \$69,000 reflecting a more accurate allocation of penalties from utility sales based on utility fund reports, and interest income decreased by 24 percent or \$26,000.

Fund Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$2,445,616, \$100,429 of which is reserved for capital projects, and \$2,345,187 of which is unreserved and available for spending at the Town's discretion.

This represents a decrease of \$1,098,813 from the prior year's ending fund balance before prior period adjustments. However, the General Fund recorded a negative \$548,829 net change in fund balance which was reduced by \$669,931 in prior period adjustments adjusting the amount of funds due from FEMA. The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the general fund was \$833,615, all of which was unreserved.

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008

Other governmental funds also showed a \$549,984 decrease in the net change in fund balance, although \$320,922 of the decrease related to the completion of projects in the sales tax construction fund. All special revenue funds maintained a positive ending fund balance, with the exception of the newly created Industrial Development Grant Fund with the deficit due to the transfer of accumulated funds for construction projects.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Governmental Fund Budgetary Highlights

Budget findings for the General Fund were detailed in Note 2 - *Stewardship, Compliance, and Accountability* indicating a budget finding for expenditures due to the reclassification of transfers to other governments. *Footnote 2* also lists several budget findings for other governmental funds. Budget-to-actual reports for other governmental funds are presented in the Required Supplementary Information as Schedule 3, and within Supplementary Information as Schedules 6 - 13.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of October 31, 2008 amounts to \$9,734,443 (net of depreciation). The total increase in the Town's investment in capital assets for the current fiscal year was \$739,364 (net of depreciation).

The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year.

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008

Capital Assets (Net of Depreciation)
2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Capital Assets						
Land	\$ 508,264	\$ 514,727	\$ 3,300	\$ 3,300	\$ 511,564	\$ 518,027
Buildings and Improvements	4,766,813	4,313,538	-	-	4,766,813	4,313,538
Office Furniture and Equipment	139,516	136,482	-	-	139,516	136,482
Machinery and Equipment	1,448,617	1,387,112	-	-	1,448,617	1,387,112
Vehicles	872,387	872,387	-	-	872,387	872,387
Infrastructure	801,926	163,343	-	-	801,926	163,343
Construction in Progress	281,819	199,575	-	-	281,819	199,575
Water Utility System	-	-	1,035,882	1,029,227	1,035,882	1,029,227
Gas Utility System	-	-	2,567,045	2,559,458	2,567,045	2,559,458
Sewer Utility System	-	-	7,138,841	6,840,638	7,138,841	6,840,638
Subtotal Capital Assets	8,819,342	7,587,164	10,745,068	10,432,623	19,564,410	18,019,787
Less: Accumulated Depreciation	(3,019,514)	(2,614,281)	(6,810,453)	(6,410,427)	(9,829,967)	(9,024,708)
Capital Assets, Net	\$ 5,799,828	\$ 4,972,883	\$ 3,934,615	\$ 4,022,196	\$ 9,734,443	\$ 8,995,079

Significant capital additions for the fiscal year ending October 31, 2008, consisted of the following:

- For governmental funds, Buildings increased by \$453,275, with the primary addition including \$445,075 for the expansion of City Hall including the motor vehicles department. Infrastructure increased by \$638,583 including \$436,093 for asphalt street improvements. At fiscal year-end the Town had incurred \$281,819 for construction projects in progress.
- For business-type funds, the major increase was for completed construction costs of \$298,203 consisting of completed costs for a Sewer System Evaluation Survey.

Long-Term Debt

At October 31, 2008, the Town had total debt outstanding of \$3,859,614. Of this total, \$138,083 (including current bond and leases payable) is due within one year and \$3,721,531 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year.

Outstanding Debt
2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Capital Leases	\$ 37,288	\$ 53,453	\$ -	\$ -	\$ 37,288	\$ 53,453
Revenue Bonds	1,349,000	1,756,000	2,473,326	2,502,565	3,822,326	4,258,565
Total Outstanding Debt	\$ 1,386,288	\$ 1,809,453	\$ 2,473,326	\$ 2,502,565	\$ 3,859,614	\$ 4,312,018

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2008

Other Factors Affecting the Town

The Town of Franklinton's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to borrow for long-term projects only when absolutely necessary. The Town actively pursues grant funds to minimize the cost of major projects for its citizens and has numerous projects either planned or in progress at October 31, 2008. The reader of this document should refer to financial statement *Footnote 23 – Subsequent Event*. This footnote lists \$1,847,971 in projects completed for the Town of Franklinton, many of which were funded by state grants and contributions. This has the effect of minimizing the cost paid by the local taxpayer. Footnote 23 also lists projects that are in progress or planned at the end of the fiscal year. However, the Town is facing increasing costs and has an obligation to its citizens to maintain or increase the level of services being provided. Most funds have experienced an increase in costs at a time when tax revenues have remained relatively constant. Most notable is the increase in costs from the prior fiscal year of \$191,506 for the Police Department and \$136,484 for general government services.

The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation. However, gas system rates are largely dependent on the amounts charged the Town for the cost of gas sold and sewer costs are increased by the cost of compliance to mandatory health department and environmental protection laws and regulations. Although the Town was able to maintain the same level of revenue through active collection of accounts billed to customers, the Town continues to face increased costs of providing service. For the fiscal year ending October 31, 2008, the Town incurred a net loss, before transfers, for the sewer utility fund of \$108,630. The transfer of funds to the Utility Fund from other funds decreases the amount of funding available for public services.

One of the challenges facing the Town is to generate more revenues from the operation of the Utility Fund and to make the Utility Fund stand on its own so that other funds will be able to provide needed services for its citizens.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. If you have questions regarding this report or need additional information, contact the Town at 301 11th Avenue, Franklinton, LA 70438. The phone number for the Town is (985) 839-3560.

Basic Financial Statements
Government-Wide Financial Statements

Town of Franklinton
Statement of Net Assets
As of October 31, 2008

Statement A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 878,887	\$ 146,431	\$ 1,025,318
Investments	320,193	1,877,030	2,197,223
Receivables, Net:			
Intergovernmental	3,673,627	-	3,673,627
Accounts	9,734	423,946	433,680
Interest	2,267	1,068	3,335
Franchise Taxes	5,900	-	5,900
Due From Other Funds	22,871	6,050	28,921
Inventory	12,360	69,933	82,293
Bond Issue Cost, Net	6,425	6,478	12,903
Prepaid Insurance	56,058	24,142	80,200
Total Current Assets	4,988,322	2,555,078	7,543,400
Restricted Assets:			
Restricted Cash and Cash Equivalents	180,631	274,085	454,716
Restricted Investments	-	75,000	75,000
Total Restricted Assets	180,631	349,085	529,716
Capital Lease Receivable, Net	123,085	-	123,085
Capital Assets:			
Land	508,264	3,300	511,564
Capital Assets, Net	5,291,564	3,931,315	9,222,879
Total Capital Assets	5,799,828	3,934,615	9,734,443
Total Assets	11,091,866	6,838,778	17,930,644
Liabilities			
Current Liabilities:			
Accounts Payable	2,488,061	102,413	2,590,474
Other Accrued Payables	126,155	43,662	169,817
Due To Other Governments	62,777	-	62,777
Due To Other Funds	6,050	22,871	28,921
Customer Deposits	-	129,591	129,591
Bonds Payable	-	124,722	124,722
Capital Leases	13,361	-	13,361
Compensated Absences Payable	40,294	8,461	48,755
Accrued Interest on Long Term Debt	1,050	7,125	8,175
Total Current Liabilities	2,737,748	438,845	3,176,593
Long Term Liabilities:			
Bonds Payable	1,349,000	2,348,604	3,697,604
Capital Leases	23,927	-	23,927
Compensated Absences Payable	312,615	35,980	348,595
Total Long Term Liabilities	1,685,542	2,384,584	4,070,126
Total Liabilities	4,423,290	2,823,429	7,246,719
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,412,490	1,586,011	5,998,501
Restricted for:			
Capital Projects and Debt Service	180,631	87,647	268,278
Unrestricted	2,075,455	2,341,691	4,417,146
Total Net Assets	\$ 6,668,576	\$ 4,015,349	\$ 10,683,925

The accompanying notes are an integral part of these financial statements.

Town of Franklinton
Statement of Activities
For the year ended October 31, 2008

		Program Revenues		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants & Contributions	& Contributions
Governmental Activities				
General Government	\$ 893,843	\$ 355,484	\$ -	\$ 281,571
Public Safety	1,744,488	81,076	27,867	25,000
Public Works	881,755	-	-	100,000
Sanitation	137,319	157,334	-	-
Health and Welfare	500,783	-	324,647	-
Transportation	3,549	-	-	-
Economic Development	322,162	-	-	300,000
Amortization	1,791	-	-	-
Bond Interest Expense	84,460	-	-	-
Capital Lease Interest	2,342	-	-	-
Total Governmental Activities	4,572,492	593,894	352,514	706,571
Business-type Activities				
Gas	1,259,558	1,276,118	-	-
Water	452,693	492,058	-	-
Sewer	704,078	540,587	-	-
Total Business-type Activities	\$ 2,416,329	\$ 2,308,763	\$ -	\$ -
General Revenues:				
Taxes:				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Intergovernmental				
Unrealized Gain (Loss)				
Interest Income				
Miscellaneous				
Contributions				
Gain on Sale of Assets				
Operating Transfers In (Out)				
Total General Revenues and Transfers				
Special Items				
Loss on Capital Lease of Building				
Change in Net Assets				
Net Assets - Beginning				
Prior Period Adjustments (Note 24)				
Net Assets - Beginning (Restated)				
Net Assets - Ending				

The accompanying notes are an integral part of these financial statements.

Statement B

Net (Expenses) Revenues and Changes of Primary Government			
Net (Expenses) Revenues	Governmental Activities	Business- Type Activities	Total
\$ (256,788)	\$ (256,788)	\$ -	\$ (256,788)
(1,610,545)	(1,610,545)	-	(1,610,545)
(781,755)	(781,755)	-	(781,755)
20,015	20,015	-	20,015
(176,136)	(176,136)	-	(176,136)
(3,549)	(3,549)	-	(3,549)
(22,162)	(22,162)	-	(22,162)
(1,791)	(1,791)	-	(1,791)
(84,460)	(84,460)	-	(84,460)
(2,342)	(2,342)	-	(2,342)
<u>(2,919,513)</u>	<u>(2,919,513)</u>	<u>-</u>	<u>(2,919,513)</u>
16,560	-	16,560	16,560
39,365	-	39,365	39,365
(163,491)	-	(163,491)	(163,491)
<u>\$ (107,566)</u>	<u>-</u>	<u>(107,566)</u>	<u>(107,566)</u>
	327,368	-	327,368
	2,106,804	-	2,106,804
	216,733	-	216,733
	347,924	-	347,924
	(487)	(16,454)	(16,941)
	61,327	86,295	147,622
	104,124	106,489	210,613
	439,081	-	439,081
	47,937	-	47,937
	(173,822)	173,822	-
	<u>3,476,989</u>	<u>350,152</u>	<u>3,827,141</u>
	<u>(334,606)</u>	<u>-</u>	<u>(334,606)</u>
	<u>222,870</u>	<u>242,586</u>	<u>465,456</u>
	5,775,775	3,811,269	9,587,044
	669,931	(38,506)	631,425
	<u>6,445,706</u>	<u>3,772,763</u>	<u>10,218,469</u>
<u>\$ 6,668,576</u>	<u>\$ 4,015,349</u>	<u>\$ 10,683,925</u>	

Basic Financial Statements
Fund Financial Statements

Statement C

Town of Franklinton
Balance Sheet - Governmental Funds
As of October 31, 2008

	General Fund	Special Revenue Fund Street and Drainage Sales Tax Fund	Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
			Sale Tax Construction	Grant Construction		
Assets						
Cash	\$ 275,602	\$ 285,419	\$ -	\$ -	\$ 317,866	\$ 878,887
Investments	129,646	-	-	-	190,547	320,193
Receivables, Net:						
Intergovernmental	3,382,650	42,036	-	206,908	42,033	3,673,627
Accounts and Other	10,979	-	-	-	1,022	12,001
Franchise Taxes	5,900	-	-	-	-	5,900
Due From Other Funds	133,766	495,869	-	-	413,108	1,042,743
Inventory	12,360	-	-	-	-	12,360
Bond Issue Cost, Net	-	3,210	-	-	3,215	6,425
Prepaid Insurance	56,058	-	-	-	-	56,058
Restricted Cash	5,646	-	139,553	-	35,432	180,631
Total Assets	\$ 4,012,607	\$ 826,534	\$ 139,553	\$ 206,908	\$ 1,003,223	\$ 6,188,825
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	\$ 2,270,014	\$ 5,720	\$ -	\$ 185,504	\$ 26,823	\$ 2,488,061
Retainage Payable	-	-	41,000	21,404	-	62,404
Compensated Absences	40,294	-	-	-	-	40,294
Other Accrued Expenses	63,468	-	-	-	283	63,751
Due to Other Governments	62,777	-	-	-	-	62,777
Due to Other Funds	742,439	-	33,556	-	249,927	1,025,922
Total Liabilities	3,178,992	5,720	74,556	206,908	277,033	3,743,209
Fund Balances:						
Unreserved Fund Balances	833,615	820,814	-	-	690,758	2,345,187
Reserved Fund Balances	-	-	64,997	-	35,432	100,429
Total Fund Balances	833,615	820,814	64,997	-	726,190	2,445,616
Total Liabilities and Fund Balances	\$ 4,012,607	\$ 826,534	\$ 139,553	\$ 206,908	\$ 1,003,223	\$ 6,188,825

The accompanying notes are an integral part of these financial statements.

Statement D

Town of Franklinton
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
As of October 31, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	2,445,616
--	----	-----------

Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

Governmental capital assets net of depreciation		5,799,828
---	--	-----------

Long-term assets includes a capital lease receivable that is not due and paid in the current period and, therefore, is not reported in the governmental funds.

Capital Lease Receivable from Grand Isle Shipyards		492,337
Contra Capital Lease Receivable due to Franklinton Economic Development Foundation		(369,252)

Long-term liabilities including bonds payable, loans payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. Current accrued interest on long term debt is also not reported in the governmental funds.

Bonds Payable		(1,349,000)
Capital Leases Payable		(37,288)
Compensated Absences Payable		(312,615)
Accrued Interest on Long Term Debt		(1,050)

Net Assets of Governmental Activities (Statement A)	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">6,668,576</div>
--	----	--

The accompanying notes are an integral part of these financial statements.

Town of Franklinton
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the year ended October 31, 2008

		Special Revenue	Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Streets and Drainage Sales Tax	Sale Tax Construction	Grant Construction		
Revenues						
Taxes	\$ 1,398,010	\$ 523,401	\$ -	\$ -	\$ 729,494	\$ 2,650,905
Licenses and Permits	355,484	-	-	-	-	355,484
Intergovernmental	983,908	-	-	381,571	41,530	1,407,009
Charges for Services	157,334	-	-	-	-	157,334
Fines and Forfeitures	81,076	-	-	-	-	81,076
Unrealized Gain (Loss)	-	-	-	-	(487)	(487)
Interest	5,787	17,140	5,142	-	33,258	61,327
Other	47,643	-	-	-	38,916	86,559
Total Revenues	<u>3,029,242</u>	<u>540,541</u>	<u>5,142</u>	<u>381,571</u>	<u>842,711</u>	<u>4,799,207</u>
Expenditures						
General Government	753,843	-	-	-	91,316	845,159
Public Safety:						
Police	1,301,841	-	-	-	78,383	1,380,224
Fire	-	-	-	-	187,199	187,199
Public Works	564,080	5,720	-	-	85,466	655,266
Sanitation	137,319	-	-	-	-	137,319
Health and Welfare	500,094	-	-	-	1,029	501,123
Transportation	3,549	-	-	-	-	3,549
Amortization	-	896	-	-	895	1,791
Economic Development	300,000	-	-	-	800	300,800
Capital Outlays	36,200	-	930,322	709,885	28,340	1,704,747
Total Expenditures	<u>3,596,926</u>	<u>6,616</u>	<u>930,322</u>	<u>709,885</u>	<u>473,428</u>	<u>5,717,177</u>
Excess of Revenues Over (Under)						
Expenditures	\$ (567,684)	\$ 533,925	(925,180)	(328,314)	\$ 369,283	\$ (917,970)

(Continued)

The accompanying notes are an integral part of these financial statements.

Statement E

Town of Franklinton
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the year ended October 31, 2008

	Special Revenue		Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Streets and Drainage Sales Tax	Sale Tax Construction	Grant Construction		
Other Financing Sources (Uses)						
Bond Principal	\$ -	\$ -	\$ -	\$ -	\$ (407,000)	\$ (407,000)
Bond Interest Expense	-	-	-	-	(85,752)	(85,752)
Operating Transfers In	226,989	165,417	775,678	439,143	1,163,423	2,770,650
Operating Transfers (Out)	(256,920)	(605,792)	(175,301)	(546,029)	(1,360,430)	(2,944,472)
Sale of Fixed Assets	54,400	-	-	-	-	54,400
Contributions	-	-	3,881	435,200	-	439,081
Capital Lease Principal	(5,614)	-	-	-	(10,551)	(16,165)
Total Other Financing Sources (Uses)	<u>18,855</u>	<u>(440,375)</u>	<u>604,258</u>	<u>328,314</u>	<u>(700,310)</u>	<u>(189,258)</u>
Special Items						
Capital Lease Receivable Payments Received					51,228	51,228
Capital Lease Payments collected for and transferred to F.A.E.D.F.					(25,248)	(25,248)
Capital Lease Interest revenue collected for and transferred to F.A.E.D.F.					(17,565)	(17,565)
Total Special Items					<u>8,415</u>	<u>8,415</u>
Net Change in Fund Balances	<u>(548,829)</u>	<u>93,550</u>	<u>(320,922)</u>	<u>-</u>	<u>(322,612)</u>	<u>(1,098,813)</u>
Fund Balances, Beginning						
Before Prior Period Adjustments	712,513	727,264	385,919	-	1,048,802	2,874,498
Prior Period Adjustments (Note 24)	<u>669,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>669,931</u>
Fund Balances, Beginning After Prior Period Adjustments	1,382,444	727,264	385,919	-	1,048,802	3,544,429
Fund Balances, Ending	<u>\$ 833,615</u>	<u>820,814</u>	<u>\$ 64,997</u>	<u>\$ -</u>	<u>\$ 726,190</u>	<u>\$ 2,445,616</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

Town of Franklinton
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended October 31, 2008

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E **\$ (1,098,813)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets		
Capital asset additions	\$ 1,430,061	
Construction in progress	274,686	
Less:		
Current year depreciation	<u>(405,233)</u>	1,299,514

Governmental funds report sales of assets based on funds received; whereas the statement of activities reports the gain or loss on the sale. Thus, the change in net assets differs by the amounts reported as follows:

Sale of assets reported in fund statements	(54,400)	
Gain on sales reported in statement of net assets	<u>47,937</u>	(6,463)

Governmental funds report the net proceeds received on long term capital leased assets; whereas the statement of activities reports the gain or loss on the effective sale of the asset through the capital lease. Thus, the change in net assets differs by the amounts reported as follows:

Gross principal payments received on long term capital lease receivable reported in fund statements	(33,663)	
Capital lease proceeds representing principal received and transferred to the Franklinton Economic Development Foundation as per the terms of the lease reported in the fund statements	25,248	
Loss on disposition of the asset reported in statement of net assets	<u>(334,606)</u>	(343,021)

Compensated absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities. (This entry records the change in long-term compensated absences)

(50,462)

Accrued interest for sales tax bonds is recorded in the government-wide statements only. Therefore, the difference from the government-wide to fund statements is the increase or decrease in accrued interest payable as follows:

Prior year balance for accrued interest payable	-	
Current year balance for accrued interest payable	<u>1,050</u>	(1,050)

Repayment of bond principal and capital lease principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net assets. Proceeds obtained from obtaining long term debt are treated as revenue in governmental funds but the amounts increase long-term liabilities in the statement of net assets.

Principal payments - capital leases	16,165	
Principal payments - long term debt	<u>407,000</u>	423,165

Change in Net Assets of Governmental Activities, Statement B **\$ 222,870**

The accompanying notes are an integral part of these financial statements.

Town of Franklinton
Statement of Net Assets - Proprietary Funds
As of October 31, 2008

Statement G

Assets

Current Assets:

Cash and Cash Equivalents	\$ 146,431
Investments	1,877,030
Accounts Receivables, Net	423,946
Other Receivables	1,068
Due From Other Funds	6,050
Inventory - Gas and Supplies	69,933
Bond Issue Cost, Net	6,478
Prepaid Insurance	24,142
Total Current Assets	<u>2,555,078</u>

Restricted Assets:

Restricted Cash and Cash Equivalents	274,085
Restricted Investments	75,000
Total Restricted Assets	<u>349,085</u>

Capital Assets

Land	3,300
Capital Assets, Net	<u>3,931,315</u>
Total Capital Assets	<u>3,934,615</u>

Total Assets

6,838,778

Liabilities

Current Liabilities (Payable From Current Assets):

Accounts Payable	102,413
Compensated Absences Payable	8,461
Other Accrued Payables	30,517
Retainage Payable	13,145
Due To Other Funds	22,871
Total Current Liabilities (Payable From Current Assets)	<u>177,407</u>

Current Liabilities (Payable From Restricted Assets):

Customer Deposits	129,591
Revenue Bonds Payable	124,722
Interest Payable on Long Term Debt	7,125
Total Current Liabilities (Payable From Restricted Assets)	<u>261,438</u>

Long Term Liabilities:

Bonds Payable	2,348,604
Compensated Absences Payable	35,980
Total Long Term Liabilities	<u>2,384,584</u>

Total Liabilities

2,823,429

Net Assets

Invested in Capital Assets, Net of Related Debt	1,586,011
Restricted for:	
Capital Projects and Debt Service	87,647
Unrestricted	<u>2,341,691</u>

Total Net Assets

\$ 4,015,349

The accompanying notes are an integral part of these financial statements.

Statement H

Town of Franklinton
Statement of Revenues, Expenses and
Changes in Net Assets - Proprietary Funds
For the year ended October 31, 2008

	Business-Type Activities- Enterprise Funds			Total Proprietary Funds
	Gas Utility System	Water Utility System	Sewer Utility System	
Operating Revenues				
Gas Sales	\$ 1,276,118	\$ -	\$ -	\$ 1,276,118
Less Cost of Gas Sold	(936,797)	-	-	(936,797)
Gross Profit on Gas Sales	339,321	-	-	339,321
Water Sales	-	492,058	-	492,058
Sewer Service Charges	-	-	540,587	540,587
Penalties	32,365	18,159	30,035	80,559
Other	3,199	15,849	6,882	25,930
Total Operating Revenues	374,885	526,066	577,504	1,478,455
Operating Expenses				
Amortization	-	-	276	276
Bad Debts	5,711	4,850	5,711	16,272
Depreciation	13,303	74,883	311,840	400,026
Employee Benefits	34,744	28,904	29,232	92,880
Insurance	27,114	23,288	23,186	73,588
Meter Reading	14,302	14,302	-	28,604
Repairs and Maintenance	-	7,932	14,282	22,214
Salaries and Wages	121,189	105,764	99,908	326,861
Supplies	47,433	45,311	41,479	134,223
Utilities	-	47,117	50,307	97,424
Other	58,965	45,954	61,177	166,096
Total Operating Expenses	322,761	398,305	637,398	1,358,464
Operating Income (Loss)	52,124	127,761	(59,894)	119,991
Nonoperating Revenues (Expenses)				
Unrealized Gain (Loss)	(8,749)	(3,612)	(4,093)	(16,454)
Interest Income	38,187	26,071	22,037	86,295
Interest Expense	-	(54,388)	(66,680)	(121,068)
Total Nonoperating Revenues (Expenses)	29,438	(31,929)	(48,736)	(51,227)
Income (Loss) Before Contributions and Transfers	81,562	95,832	(108,630)	68,764
Contributions and Transfers				
Operating Transfers In	-	56,655	212,167	268,822
Operating Transfers Out	(20,000)	(25,000)	(50,000)	(95,000)
Change in Net Assets	61,562	127,487	53,537	242,586
Total Net Assets, Beginning	1,450,316	187,297	2,173,656	3,811,269
Prior Period Adjustment (Note 23)	-	(38,506)	-	(38,506)
Total Net Assets, Ending	\$ 1,511,878	\$ 276,278	\$ 2,227,193	\$ 4,015,349

The accompanying notes are an integral part of these financial statements.

Town of Franklinton
Statement of Cash Flows -
Proprietary Funds
For the year ended October 31, 2008

Statement I

	Enterprise Fund
Cash Flows From Operating Activities	
Received From Customers	\$ 2,215,134
Paid for Meter Deposit Fees	(6,092)
Other Receipts	26,449
Paid for Interfund Services	(3,077)
Payments for Operations	(1,403,040)
Payments to Employees	(442,379)
Net Cash Provided by Operating Activities	<u>386,995</u>
Cash Flows From Noncapital Financing Activities	
Transfers From (To) Other Funds	<u>173,822</u>
Net Cash Provided by Noncapital Financing Activities	<u>173,822</u>
Cash Flows From Capital and Related Financing Activities	
(Payments for) Capital Acquisitions	(299,300)
Principal Proceeds from (Repayments for) Long Term Debt	(29,239)
Interest Payments for Long Term Debt	(121,068)
Net Cash (Used) by Capital and Related Financing Activities	<u>(449,607)</u>
Cash Flows From Investing Activities	
Receipt of Interest	86,295
Proceeds from sale (Payments) for Investments	(72,922)
Net Cash Provided by Investing Activities	<u>13,373</u>
Net Increase in Cash and Cash Equivalents	124,583
Cash and Cash Equivalents, Beginning of Year	<u>295,933</u>
Cash and Cash Equivalents, End of Year	<u>\$ 420,516</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:	
Cash and Cash Equivalents, Unrestricted	\$ 146,431
Cash and Cash Equivalents, Restricted	274,085
Total Cash and Cash Equivalents	<u>\$ 420,516</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

Town of Franklinton
Statement of Cash Flows -
Proprietary Funds
For the year ended October 31, 2008

Statement I

	<u>Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 119,991
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and amortization	400,302
(Increase) in Accounts Receivable	(174,188)
(Increase) in Other Receivable	519
Decrease in Inventory	139
(Increase) in Prepaid Insurance	12,344
Decrease in Due (to) and from Other Funds	(3,077)
Increase in Accounts Payable	26,847
Increase in Compensated Absences	(3,638)
Increase in Accrued Expenses	13,848
(Decrease) in Customer Deposits	<u>(6,092)</u>
Net Cash Provided by Operating Activities	<u>\$ 386,995</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements

Notes to the Financial Statements

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

Introduction

The Town of Franklinton was incorporated March 7, 1861, under the provisions of a Special Legislative Charter. The Town operates under a Mayor-Board of Aldermen form of government, with the Mayor and each of five aldermen elected at-large for four year terms. Franklinton is located in west central Washington Parish and is the governmental seat of the parish. In 1820, a legislative act created the parish from the northern section of St. Tammany Parish and the next year another act designated the settlement of Franklin as the seat of parish government. In 1826, the name was changed to Franklinton to avoid conflict with another community in St. Mary Parish with the same name. The total population of Franklinton was reported as 3,657 by the U.S. Census Bureau, Census 2000. The Town provides police and fire protection, services to maintain or develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. Utility services are provided for 977 gas customers, 1,611 water customers, and 1,601 sewer customers. The Town employs 53 full-time and 1 part-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town of Franklinton is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. There are no other component units which the Town of Franklinton has an oversight relationship.

I. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Streets and Drainage Sales Tax Fund* is a special revenue fund that accounts for the receipt and disbursement of fifty percent of a one percent sales tax dedicated for the purpose of constructing, improving, and maintaining streets and drainage facilities and improvements.

The *Sales Tax Construction Fund* is a capital projects fund that accounts for the use and proceeds of the 2002 Sales Tax Certificates of Indebtedness and proceeds of the 2002 sales tax issue designated for capital assets and the construction of public facilities.

The *Grant Construction Fund* is a capital projects fund that accounts for the use of grant funds and contributions for the construction of improvements and public facilities. This fund was created to account for construction projects that will not be financed by sales tax proceeds.

The Town reports the following major proprietary funds:

The *Enterprise Funds* account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

Additionally, the government reports the following fund types:

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The *Debt Service Fund* accounts for resources set aside for payment of principal and interest on the Series 2002 Certificates of Indebtedness sales tax issue.

The *Capital Project Funds* accounts for financial resources received and used for acquisition, construction, or improvement of capital facilities not reported in other governmental funds. For the current fiscal year ended, this includes the Sales Tax Construction Fund and the Grant Construction Fund which were both reported as major funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes

	<u>Authorized Millage</u>		<u>Levied Millage</u>		<u>Collected Millage</u>
General Corporate Purposes	7.24 mills	\$	125,729	\$	121,349
Police ad valorem	5.18 mills		89,957		85,902
Street and drainage ad valorem	7.24 mills		125,729		120,117

Sales and use taxes are levied at two percent. The proceeds of the 1% sales and use taxes are dedicated for the purpose of constructing, improving, extending, and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal and water works, and other works of permanent public improvements in the municipality.

On July 21, 2001, the voters of the Town of Franklinton passed a second 1% sales tax for a period of 10 years. This 1% sales tax is dedicated as follows:

- 1) 50% for constructing, improving and maintaining streets and drainage facilities and improvements.
- 2) 20% for acquiring, improving, maintaining and operating equipment.
- 3) 20% for acquiring, constructing, improving, maintaining and operating public buildings and facilities.
- 4) 10% for promoting and encouraging the location and development of commerce and industry, including land and buildings therefore, with the proceeds of the tax to be subject to being funded into bonds.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Infrastructure	20 - 40 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

H. Compensated Absences

Prior to the fiscal year ending October 31, 2003, employees of the municipality earned annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee was carried forward to the succeeding calendar year until a maximum of twenty days accumulation. On March 9, 2004, the Board of Aldermen passed a Resolution authorizing the conversion of unused annual leave (above the maximum allowable accumulation) and unused sick leave to retirement credit. The Resolution dated March 9, 2004, was issued pursuant to Act 999 of the 2001 Regular Session of the Louisiana Legislative and in accordance with a Memorandum dated January 13, 2002, entitled Conversion of Unused Annual and Sick Leave to Retirement Credit, as issued by the Municipal Employee's Retirement System of Louisiana.

I. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
6. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
7. All budgetary appropriations lapse at the end of each fiscal year.
8. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The proposed budget for October 31, 2008 was made available for public inspection on September 19, 2007. The proposed budget, prepared on the modified accrual basis of accounting, was published on September 19, September 26, and October 3, prior to the public hearing which was held at the Town of Franklinton's City Hall on October 9, 2007, for comments by taxpayers. The budget was legally adopted by the board of aldermen on October 9, 2007.

The following funds had actual revenues and other sources below budgeted revenues and other sources, or actual expenditures and other uses over budgeted expenditures and other uses, resulting in unfavorable variances greater than 5% which were in violation of the Local Government Budget Act, for the fiscal year ended October 31, 2008:

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Expenditures			
General Fund	\$ 3,518,140	\$ 3,859,460	\$ (341,320)
Equipment Sales Tax Fund	208,436	232,357	(23,921)
Industrial Development Grant Fund	-	-	-

The expenditure variance above in the General Fund occurred primarily because of a year-end re-classification entry reclassifying \$300,000 as a transfer to other governments. This final entry was made to reflect reimbursement of funds after a \$300,000 economic development grant was received from the State of Louisiana. The Town will more closely budget anticipated reimbursements to other governments.

The budget finding for the Industrial Development Grant Fund for both revenues and expenditures occurred since a budget was not adopted for this new fund. During the fiscal year ended October 31, 2008, the Town created a new fund to account for and provide expanded disclosure of industrial development activities financed with grants and contributions. These activities were previously accounted for and budgeted within the General Fund. In addition, this fund had a negative fund balance of \$59,751 at fiscal year end since accumulated funds were transferred to construction projects, although a positive cash balance of \$60,249 was maintained at fiscal year end for this fund. The Town will in the future adopt and amend a budget as required for this fund.

The expenditure variance for the Equipment Sales Tax fund occurred because of \$10,482 recorded in additional payables at fiscal year end plus the budget was not amended to reflect an increase in transfers for debt service. The Town will more closely review payables at fiscal year end and the need to increase the budget for transfers.

The Town of Franklinton has taken corrective actions to resolve budget findings.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

3. Cash and Cash Equivalents

At October 31, 2008, the Town has cash and cash equivalents (book balances), as follows:

Demand Deposits	\$ 1,480,034
	<u>\$ 1,480,034</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At October 31, 2008, the Town has \$2,328,675 in deposits (collected bank balances), within one bank, consisting of \$1,950,602 in demand deposits and \$378,073 in time and savings deposits (certificates of deposit). The demand deposits are secured from risk by \$250,000 of federal deposit insurance and \$1,700,602 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The time and savings deposits are secured from risk by \$250,000 of federal deposit insurance and \$128,073 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

All investments held by the Town fall into category 1 credit risk, defined as "insured or registered, or securities held by the Town or its agent in the Town's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

At October 31, 2008, the Town's investment balances were as follows:

	<u>Maturity Date</u>	<u>Carrying Amount</u>	<u>Fair Market Value</u>
Government National Mortgage Association (GNMA)	January 20, 2014	\$ 2,022	\$ 1,982
	March 20, 2028	1,711	1,656
	April 20, 2014	3,114	2,837
	May 20, 2032	1,626	1,552
		<u>8,473</u>	<u>8,027</u>
Federal Home Loan Mortgage Corporation (FHLMC)	December 1, 2008	-	112
	February 15, 2015	250,000	249,443
	March 27, 2018	170,000	163,052
	June 11, 2021	141,385	139,611
	January 15, 2023	160,000	150,058
	February 15, 2025	85,000	76,706
	May 15, 2030	60,000	58,600
	April 15, 2034	8,972	8,124
		<u>875,357</u>	<u>845,706</u>
Federal National Mortgage Association (FNMA)	May 30, 2023	49,450	47,047
	June 25, 2033	14,585	12,186
		<u>64,035</u>	<u>59,233</u>
Federal Home Loan Bank (FHLB)	April 19, 2011	<u>2,643</u>	<u>-</u>
Money Market		<u>873,703</u>	<u>873,703</u>
Certificates of Deposit		<u>485,554</u>	<u>485,554</u>
Total		\$ <u>2,309,765</u>	\$ <u>2,272,223</u>

All investments are stated on the balance sheet (carrying value) at market value. All investments are in the name of the Town and are held at the Town's office. Because these investments are in the name of the Town and are held by the Town or the Town's agent, the investments are considered insured and registered, Category (1), in applying the credit risk of GASB Codification Section 150.164.

Interest Rate Risk: The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value arising from increasing interest rates.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at October 31, 2008 consist of the following:

Government Receivables	General Fund	Special Revenue Funds	Capital Project Funds	Total
Accounts	\$ 9,734	\$ -	\$ -	\$ 9,734
Taxes:				
Sales Tax Receivable	80,541	80,540	-	161,081
Franchise Tax	5,900	-	-	5,900
Intergovernmental:				
Federal Emergency Management Agency	3,210,197	-	-	3,210,197
State of Louisiana	31,529	3,529	206,908	241,966
LA Department of Transportation - Council on Aging	60,383	-	-	60,383
Accrued Interest	1,245	1,022	-	2,267
Total Government Receivables	\$ 3,399,529	\$ 85,091	\$ 206,908	\$ 3,691,528

For financial statement presentation, sales tax receivable amounts are included within the category of intergovernmental revenues.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

The Enterprise Fund accounts receivable at October 31, 2008 consist of the following:

Accounts Receivable	<u>Enterprise Fund</u>
Current	\$ 180,572
31 - 60 Days	14,550
61 - 90 Days	7,798
Over 90 Days	<u>33,856</u>
Subtotal	236,776
Less Allowance for Bad Debt	<u>-</u>
Accounts Receivables, Net	236,776
Unbilled Receivables	<u>187,170</u>
Total Accounts Receivable	<u>\$ 423,946</u>

6. Restricted Assets

The following is a listing of the restricted assets for the fund financial statements on October 31, 2008:

The Restricted Assets for all funds at October 31, 2008 consist of the following:

Restricted Assets	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
Cash and Cash Equivalents	\$ -	\$ -	\$ 139,553	\$ -	\$ 139,553
Customer Deposits	-	-	-	53,466	53,466
Bond Reserve Account	-	-	-	63,997	63,997
Bond Contingency Account	-	-	-	66,490	66,490
Bond Sinking Account	-	35,432	-	89,704	125,136
Construction Account	-	-	-	428	428
Police Reserve and Deposits	5,646	-	-	-	5,646
Investments - Customer Deposits	-	-	-	75,000	75,000
Total Restricted Assets	<u>\$ 5,646</u>	<u>\$ 35,432</u>	<u>\$ 139,553</u>	<u>\$ 349,085</u>	<u>\$ 529,716</u>

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances for fund financial statements on October 31, 2008:

Interfund Balances	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund		
Ad Valorem Police	\$ 2,700	\$ -
Ad Valorem Streets and Drainage	-	259,650
Sales Tax Streets and Drainage	74,850	460,000
Sales Tax Equipment	5,685	-
Sales Tax Buildings and Facilities	-	21,739
Sales Tax Industrial Development	35,592	-
Enterprise Fund	14,939	1,050
Debt Service Fund	-	-
Special Revenue Funds		
Fire Fund		
Sales Tax Streets and Drainage	-	1,100
Ad Valorem Police		
General Fund	-	2,700
Enterprise Fund	-	5,000
Capital Projects Fund	33,556	-
Ad Valorem Streets and Drainage		
General Fund	240,750	74,850
Enterprise Fund	7,932	-
Sales Tax Industrial Development	120,000	-
Sales Tax Streets and Drainage		
General Fund	490,869	-
Sales Tax Equipment	5,000	-
Sales Tax Equipment		
General Fund	4,348	5,685
Sales Tax Streets and Drainage	-	5,000
Sales Tax Buildings and Facilities		
General Fund	4,348	-
Sales Tax Industrial Development		
General Fund	2,174	35,592
Industrial Development Grant		
Ad Valorem Streets and Drainage	-	120,000
Capital Projects Funds		
Sales Tax Construction Fund		
Ad Valorem Police	-	33,556
Debt Service Fund		
General Fund	-	-
Enterprise Fund		
Ad Valorem Police	5,000	-
Ad Valorem Streets and Drainage	-	7,932
General Fund	1,050	14,939
Total Interfund Balances	\$ <u>1,048,793</u>	\$ <u>1,048,793</u>

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

The reason for the interfund receivables/payables balances is the General Fund pays expenses of other funds and is reimbursed as funds are available.

8. Capital Assets

The following is a summary of the changes in capital assets for governmental activities for the fiscal year ended October 31, 2008:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities Capital Assets:					
Capital Assets Not Being Depreciated:					
Land	\$ 514,727	\$ -	\$ (6,463)	\$ -	\$ 508,264
Construction in Progress	199,575	1,640,207	(1,557,963)	-	281,819
Total Capital Assets Not Being Depreciated	<u>714,302</u>	<u>1,640,207</u>	<u>(1,564,426)</u>	<u>-</u>	<u>790,083</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	4,313,538	888,475	(466,106)	30,906	4,766,813
Machinery and Equipment	1,387,112	61,505	-	-	1,448,617
Office Furniture and Equipment	136,482	3,034	-	-	139,516
Vehicles	872,387	-	-	-	872,387
Infrastructure	163,343	477,047	-	161,536	801,926
Total Capital Assets Being Depreciated	<u>6,872,862</u>	<u>1,430,061</u>	<u>(466,106)</u>	<u>192,442</u>	<u>8,029,259</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(1,006,263)	(191,797)	-	-	(1,198,060)
Machinery and Equipment	(768,431)	(125,589)	-	-	(894,020)
Office Furniture and Equipment	(93,767)	(15,715)	-	-	(109,482)
Vehicles	(731,763)	(58,376)	-	-	(790,139)
Infrastructure	(14,057)	(13,756)	-	-	(27,813)
Total Accumulated Depreciation	<u>(2,614,281)</u>	<u>(405,233)</u>	<u>-</u>	<u>-</u>	<u>(3,019,514)</u>
Total Capital Assets Being Depreciated, Net	<u>4,258,581</u>	<u>1,024,828</u>	<u>(466,106)</u>	<u>192,442</u>	<u>5,009,745</u>
Total Governmental Activities Capital Assets, Net	\$ 4,972,883	\$ 2,665,035	\$ (2,030,532)	\$ 192,442	\$ 5,799,828
Depreciation was charged to governmental functions as follows:					
General Government					\$ 31,008
Public Safety - Police					104,861
Public Safety - Fire					41,667
Public Works					223,900
Economic Development					3,797
					<u>\$ 405,233</u>

Construction in progress of \$281,819 consists of \$242,648 incurred for the Airfield Lighting and NAVAIDS Improvements project and \$39,171 for Preservation of an Historic Steam Engine. Completed projects and the status of projects in progress are further recapped in Footnote "23 Subsequent Events".

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

Capital assets and depreciation activity as of and for the year ended October 31, 2008 for business-type activities is as follows:

Business - Type Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 3,300	\$ -	\$ -	\$ 3,300
Construction in Progress - Sewer System	-	298,203	(298,203)	-
Total Capital Assets Not Being Depreciated	<u>3,300</u>	<u>298,203</u>	<u>(298,203)</u>	<u>3,300</u>
Capital Assets Being Depreciated:				
Gas Utility System	1,029,227	6,655	-	1,035,882
Water Utility System	2,559,458	7,587	-	2,567,045
Sewer Utility System	6,840,638	298,203	-	7,138,841
Total Capital Assets Being Depreciated	<u>10,429,323</u>	<u>312,445</u>	<u>-</u>	<u>10,741,768</u>
Less Accumulated Depreciation for:				
Gas Utility System	(940,296)	(13,304)	-	(953,600)
Water Utility System	(1,814,679)	(74,883)	-	(1,889,562)
Sewer Utility System	(3,655,452)	(311,839)	-	(3,967,291)
Total Accumulated Depreciation	<u>(6,410,427)</u>	<u>(400,026)</u>	<u>-</u>	<u>(6,810,453)</u>
Total Capital Assets Being Depreciated, Net	<u>4,018,896</u>	<u>(87,581)</u>	<u>-</u>	<u>3,931,315</u>
Total Business - Type Activities Capital Assets, Net	<u>\$ 4,022,196</u>	<u>\$ 210,622</u>	<u>\$ (298,203)</u>	<u>\$ 3,934,615</u>

During the fiscal year, construction was completed at a total cost of \$298,203, consisting entirely of a Sewer System Evaluation Survey.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

9. Long Term Capital Lease Receivable

Governmental Activities

During the fiscal year ending October 31, 2008, the Town entered into a joint capital lease between the Town of Franklinton and Grand Isle Shipyards Inc. The capital lease is on a building constructed and completed by the Town through the funding by State grants and through contributions received from the Franklinton Area Economic Development Foundation by the Town totaling \$466,106 over the course of the project.

The total lease is for \$526,000 after imputed interest of 5.50% on 120 payments of \$5,708.34 ending in December 2017, totaling \$685,000.

The Town will receive twenty five percent and the Franklinton Economic Development Foundation will receive seventy five percent of all principal and interest payments with expected payments to be received as follows:

Fiscal Year Ending	Principal			Interest			Payments Expected		
	Town of Franklinton	F.A.E.D.F.	Total	Town of Franklinton	F.A.E.D.F.	Total	Town of Franklinton	F.A.E.D.F.	Total
10/31/2008	\$ 8,416	\$ 25,248	\$ 33,664	\$ 5,855	\$ 17,565	\$ 23,420	\$ 14,271	\$ 42,813	\$ 57,084
10/31/2009	10,620	31,861	42,481	6,505	19,514	26,019	17,125	51,375	68,500
10/31/2010	11,220	33,659	44,879	5,905	17,716	23,621	17,125	51,375	68,500
10/31/2011	11,852	35,557	47,409	5,273	15,818	21,091	17,125	51,375	68,500
10/31/2012	12,521	37,563	50,084	4,604	13,812	18,416	17,125	51,375	68,500
10/31/2013	13,227	39,682	52,909	3,898	11,693	15,591	17,125	51,375	68,500
10/31/2014	13,973	41,920	55,893	3,152	9,455	12,607	17,125	51,375	68,500
10/31/2015	14,762	44,285	59,047	2,363	7,090	9,453	17,125	51,375	68,500
10/31/2016	15,594	46,783	62,377	1,531	4,592	6,123	17,125	51,375	68,500
10/31/2017	16,474	49,422	65,896	651	1,953	2,604	17,125	51,375	68,500
10/31/2018	2,834	8,503	11,337	20	59	79	2,854	8,562	11,416
	<u>\$ 131,493</u>	<u>\$ 394,483</u>	<u>\$ 525,976</u>	<u>\$ 39,757</u>	<u>\$ 119,267</u>	<u>\$ 159,024</u>	<u>\$ 171,250</u>	<u>\$ 513,750</u>	<u>\$ 685,000</u>

	Capital Lease Receivable	Due Within One Year
Gross Capital Lease Receivable for the year ended October 31, 2008	\$ 492,337	\$ 42,481
Amount of Gross Capital Lease Receivable due to F.A.E.D.F. for the year ended October 31, 2008	(369,252)	(31,861)
Net Capital Lease Receivable for the year ended October 31, 2008	<u>\$ 123,085</u>	<u>\$ 10,620</u>

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

10. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on October 31, 2008:

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Fire Fund	\$ -	\$ 113,000
Ad Volorem Streets and Drainage	146,160	-
Industrial Development Grant Fund	-	114,977
Grant Construction Fund	10,829	3,943
Enterprise Fund	70,000	25,000
Special Revenue Funds		
Fire Fund		
General Fund	113,000	-
Ad Volorem Police		
General Fund	-	-
Ad Volorem Streets and Drainage		
General Fund	-	146,160
Sales Tax Construction Capital Projects Fund	9,884	-
Sales Tax Streets and Drainage		
General Fund	-	-
Sales Tax Construction Capital Projects Fund	165,417	436,093
Grant Construction Fund	100,000	-
Debt Service Fund	-	269,699
Sales Tax Equipment		
Enterprise Fund	-	6,655
Debt Service Fund	-	98,073
Sales Tax Buildings and Facilities		
Enterprise Fund	-	17,035
Debt Service Fund	-	122,590
Sales Tax Construction Capital Projects Fund	-	183,940
Sales Tax Industrial Development		
Sales Tax Construction Capital Projects Fund	-	100,800
Grant Construction Fund	207,869	262,714
Industrial Development Grant Fund		
General Fund	114,977	
Enterprise Fund	-	195,132
Grant Construction Fund	227,331	227,331

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects Funds		
Sales Tax Construction Fund		
Ad Volorem Streets and Drainage	-	9,884
Sales Tax Streets and Drainage	490,938	165,417
Sales Tax Buildings and Facilities	183,940	-
Sales Tax Industrial Development	100,800	-
Grant Construction Fund		
General Fund	3,943	10,829
Sales Tax Streets and Drainage	-	100,000
Sales Tax Industrial Development	207,869	207,869
Industrial Development Grant Fund	227,331	227,331
Debt Service Fund		
Sales Tax Streets and Drainage	269,699	-
Sales Tax Equipment	98,073	-
Sales Tax Buildings and Facilities	122,590	-
Enterprise Fund		
Sales Tax Equipment	56,655	-
Sales Tax Buildings and Facilities	17,035	-
Industrial Development Grant Fund	195,132	-
General Fund	-	95,000
Total Interfund Transfers	<u>\$ 3,139,472</u>	<u>\$ 3,139,472</u>

The primary reason for the transfers between the sales tax revenue, sales tax debt service, and sales tax construction funds was to transfer funds from the sales tax revenue funds for debt service and equipment and construction projects per requirements of the 2002 Sales Tax Bond Issue. Transfers to the Grant Construction Fund and Enterprise Fund were necessary to record equipment and construction expenditures not related to sales tax funding.

Funds were also transferred primarily between the General Fund and Enterprise Fund to fund operating requirements per budget approvals.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

11. Accounts, Salaries, and Other Payables

The Governmental Fund payables at October 31, 2008 are as follows:

Governmental Funds Payable	General Fund	Special Revenue Funds	Capital Projects Funds	Total
Accounts:				
Hurricane Katrina Related	\$ 2,220,965	\$ -	\$ -	\$ 2,220,965
Other	49,049	32,050	-	81,099
Accrued Salaries	34,496	690	-	35,186
Retainage Payable	-	-	62,404	62,404
Compensated Absences	40,294	86	-	40,380
Due to Other Governments:				
Due to Council on Aging	62,777	-	-	62,777
Other	28,972	-	185,504	214,476
Total Government Funds Payable	\$ 2,436,553	\$ 32,826	\$ 247,908	\$ 2,717,287

The Enterprise Fund payables at October 31, 2008 are as follows:

Enterprise Funds Payable	Gas Utility	Water Utility	Sewer Utility	Total Enterprise Fund
Accounts	\$ 93,250	\$ 5,981	\$ 3,182	\$ 102,413
Accrued Salaries	3,224	3,111	3,002	9,337
Compensated Absences Payable	5,496	1,897	1,068	8,461
Retainage Payable	-	-	13,145	13,145
Other	5,628	14,750	802	21,180
Total Enterprise Funds Payable	\$ 107,598	\$ 25,739	\$ 21,199	\$ 154,536

12. Short-Term Debt

The Town had no short-term debt outstanding at October 31, 2008, other than the current portions of revenue bonds payables described in the long term debt footnote.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

13. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended October 31, 2008:

	Governmental Activities		Business-Type Activities		Total
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	Long-Term Obligations
Beginning Balance	\$ 53,453	\$ 1,756,000	\$ -	\$ 2,502,565	\$ 4,312,018
Additions	-	-	-	-	-
Deletions	(16,165)	(407,000)	-	(29,239)	(452,404)
Ending Balance	<u>\$ 37,288</u>	<u>\$ 1,349,000</u>	<u>\$ -</u>	<u>\$ 2,473,326</u>	<u>\$ 3,859,614</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	Governmental Activities		Business-Type Activities		Total
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	Long-Term Obligations
Current Portion	\$ 13,361	\$ -	\$ -	\$ 124,722	\$ 138,083
Long-Term Portion	23,927	1,349,000	-	2,348,604	3,721,531
	<u>\$ 37,288</u>	<u>\$ 1,349,000</u>	<u>\$ -</u>	<u>\$ 2,473,326</u>	<u>\$ 3,859,614</u>

Bonds Payable as of October 31, 2008 are as follows:

	Bonds Payable End of Year	Due Within One Year
Business Type: \$ 560,000 of Sewer Revenue Bonds, Series 2002 Dated 06/03/02 , due in monthly installments of principal and interest of \$2,923 , through 06/03/2032, interest at 4.75%.	\$ 497,463	\$ 11,713
Business Type: \$1,250,000 of Water Revenue Bonds Dated 12/31/06 , due in monthly installments of principal and interest of \$6,102 , from 01/26/1997 to 12/26/2036, interest at 5.125%.	1,075,863	19,009
Business Type: \$ 900,000 of Certificate of Indebtedness Sewer 2006 Dated 03/29/06 , due in annual installments of principal and interest ranging up \$135,841 , from 04/01/2007 to 02/01/2016, interest at 4.75%.	900,000	94,000
Governmental: \$3,520,000 Certificates of Indebtedness, Series 2002 Dated 06/12/02 , due in annual installments of principal and interest ranging up \$483,210 , from 11/01/2011, interest at 4.75%.	1,349,000	-
	<u>\$ 3,822,326</u>	<u>\$ 124,722</u>

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

The annual requirements to amortize all debt outstanding at October 31, 2008, including interest payments of \$2,096,649 are as follows:

Year Ending 10/31/08	Sewer Revenue Bonds	Sewer Cert of Indebt	Water Revenue Bonds	Govt'l - Cert of Indebt	Govt'l - Capital Leases	Total
2009	\$ 35,078	\$ 134,518	\$ 73,218	\$ 480,744	\$ 15,162	\$ 738,720
2010	35,078	134,934	73,218	481,913	12,894	738,037
2011	35,078	135,113	73,218	482,084	12,894	738,387
2012	35,078	135,054	73,218	483,210	12,894	739,454
2013	35,078	135,734	73,218	-	-	244,030
2014 to 2018	175,392	406,621	366,090	-	-	948,103
2019 to 2023	175,392	-	366,090	-	-	541,482
2024 to 2028	175,392	-	366,090	-	-	541,482
2029 to 2033	128,621	-	366,090	-	-	494,711
2034 to 2036	-	-	231,857	-	-	231,857
	<u>\$ 830,187</u>	<u>\$ 1,081,974</u>	<u>\$ 2,062,307</u>	<u>\$ 1,927,951</u>	<u>\$ 53,844</u>	<u>\$ 5,956,263</u>

Dedication of Proceeds and Flow of Funds - 2% Sales and Use Tax

Proceeds of the initial one percent sales, totaling \$1,059,928 in collections for 2008 including State P&M sales tax collections, and use tax levied by the Town are dedicated with the revenues derived from said sales and use tax to be used for the purpose of constructing, improving, extending, and maintaining playgrounds and recreational facilities; public roads, streets, bridges and crossings; sewerage, garbage disposal and water works, and other works of permanent public improvements in the municipality.

On July 21, 2001, the voters of the Town of Franklinton passed a second 1% sales tax for a period of 10 years. This 1% sales tax is dedicated as follows:

- 1) 50% for constructing, improving and maintaining streets and drainage facilities and improvements. Collections for 2008, including State P&M sales tax collections, were \$523,401.
- 2) 20% for acquiring, improving, maintaining and operating equipment. Collections for 2008, including State P&M sales tax collections, were \$209,424.
- 3) 20% for acquiring, constructing, improving, maintaining and operating public buildings and facilities. Collections for 2008, including State P&M sales tax collections, were \$209,506.
- 4) 10% for promoting and encouraging the location and development of commerce and industry, including land and buildings thereof, with the proceeds of the tax to be subject to being funded into bonds. Collections for 2008, including State P&M sales tax collections, were \$104,545.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

14. Flow of Funds, Restrictions on Use – Enterprise Fund and Government Fund Bonds

Sewer Revenue Bonds - Series 2002

The Sewer Revenue Bonds, Series 2002, issued by the United States Department of Agriculture, Rural Utilities Service, require that all income and revenues earned or derived from the operation of the system be deposited in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution.

The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds with each bond year. The municipality is required by the Resolution to make monthly deposits into the Sinking Fund no later than the 20th day of each month, a sum of \$2,924. Amounts deposited in the Sinking Fund will be applied to the payment of principal and interest on the bonds in the bond year of their receipts. The municipality has elected to make these payments monthly to RUS.

The Reserve Fund is maintained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default. A sum of \$147 per month must be deposited into this fund no later than the 20th day of each month until \$35,078 is on deposit therein. This Reserve Fund is fully funded at October 31, 2008 with a balance maintained of \$12,529.

The Contingency Fund is established to care for depreciation, extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Water Revenue Fund on or before the 20th day of each month of each year a sum of \$147. The amount to be deposited per month is to increase to \$293 per month once \$35,078 has been accumulated in the Reserve Fund. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Funds. This Contingency Fund is fully funded at October 31, 2008 with a balance maintained of \$12,529.

Water Revenue Bonds

The Water Revenue Bonds, Series 1996, issued by the United States Department of Agriculture, Rural Utilities Service, require that all income and revenues earned or derived from the operation of the system be deposited in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution.

The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds with each bond year. For purposes of this certificate, "Bond Year" shall mean 1 year period ending on each principal payment date of the bonds, which is December 26. The municipality is required by the Resolution to make monthly deposits into the Sinking Fund no later than the 20th day of each month, a sum of \$6,101. Amounts deposited in the Sinking Fund will be applied to the payment of principal and interest on the bonds in the bond year of their receipts. The Town has elected to make these payments monthly to RUS.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

The Reserve Fund is maintained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default. The Reserve Fund is established by depositing \$306 monthly into the Reserve Fund commencing with the month following the completion of the project. This fund is fully funded as of October 31, 2008, with a balance maintained of \$51,468.

The Contingency Fund is established to care for depreciation, extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Water Revenue Fund on or before the 20th day of each month of each year a sum of \$321, provided such sum is available as provided in the Resolution. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Funds. This Fund is fully funded at October 31, 2008, with a balance maintained of \$53,961.

Certificates of Indebtedness, Series 2006 – Sewer Bonds

On March 29, 2006, the Town of Franklinton issued \$900,000 of Certificates of Indebtedness, Series 2006, for the purpose of financing sewer improvements. Under the terms of the bond agreement, the Certificates shall be secured by and payable solely from a pledge and dedication of the excess of annual revenues of the Issuer above statutory, necessary and usual charges in each of the fiscal years during which the Certificates are outstanding, subject to the payment of the principal and interest falling due on the Prior Lien Certificates. For the payment of the principal of and the interest on the Certificates, there is hereby created a special fund to be known as "Town of Franklinton, State of Louisiana, Certificates of Indebtedness, Series 2006, Sinking Fund", said Sinking Fund to be established with the regularly designated fiscal agent of the Issuer. The Issuer shall deposit in said Sinking Fund monthly in advance on or before the 20th of each month, commencing February 2006, a sum equal to one-sixth of the interest falling due on the next interest payment date for the period February, 2006 through January, 2008 and thereafter 1/6 of the interest falling due on the next interest payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same fall due. At October 31, 2008, this Fund was fully funded with a balance of \$85,722.

Certificates of Indebtedness, Series 2002 - Sales Tax Bonds

The issuer, the Town of Franklinton, agrees to budget annually a sum of money sufficient to pay the interest and principal on the Certificates as the same become due and to levy and collect in each year taxes, including, but not limited to, the issuer's 1% sales and use tax authorized to be levied through September 20, 2011, pursuant to an election held in the Issuer on July 20, 2001, 90% of the avails of which are authorized to be expended for the purposes for which the Certificates are issued, and to collect other revenues within the limits prescribed by law, sufficient to pay the principal of and the interest on the Certificates after the payments in such years of all statutory, necessary and usual charges.

During the fiscal year ended October 31, 2008, the Town of Franklinton accumulated sufficient funds to fund the annual debt service installment of \$448,705, due November 1, 2008, paying the required debt installment on October 31, 2008.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

15. Retirement Systems

Substantially all employees of the Town of Franklinton are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. Pertinent information relative to each plan follows:

A. Municipal Employee Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. Furthermore, with at least 10 years of creditable service, but less than 30 years, an employee may take early retirement benefits commencing at age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to Contribute 7.5 percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 9.5 percent of annual covered payroll. The Town of Franklinton's management has decided to pay two percent of the employee's part, thus increasing the Town of Franklinton's pension percentage to 11.50 percent. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Franklinton are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town of Franklinton contributions to the System under Plan B for the years ending October 31, 2008 and 2007 were \$79,769, and \$83,150, respectively, equal to the required contributions for each year.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Franklinton are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Franklinton contributions to the System under Plan B for the years ending October 31, 2008 and 2007 were \$74,846 and \$81,112, respectively, equal to the required contributions for each year.

C. Firefighters Retirement System of Louisiana (System)

Plan Description. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Firefighters' Retirement System Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 12.5 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. There was one participant in the retirement plan for firefighters for the fiscal year ending October 31, 2008. Total employer contributions were \$3,561 in the fiscal year ending October 31, 2008.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

16. Other Post Employment Benefits

The Town of Franklinton provides health care insurance for employees who retire who are either over the age of 62 or are on disability with twenty years of service. These benefits are provided until the retiree becomes eligible for Medicare. For the year ended October 31, 2008 the Town of Franklinton had no retirees eligible for this benefit.

During 2004, the GASB issued GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. For the purposes of this standard the Town of Franklinton is considered a phase two government, which would warrant implementation of GASB No. 45 for the fiscal year ending October 31, 2009. GASB No. 45, requires a government to record an actuarially determined liability for the present value of the unfunded portion of other post retirement employee benefits such as health insurance on the government wide statement of net assets.

For the year ended October 31, 2008, employee health insurance expense totaled \$186,032, which represents approximately three percent of total government wide expenses.

17. Transportation Grant Subcontracted to Washington Parish Council on Aging, Inc.

The Town has entered into subcontracts with the Washington Parish Council on Aging, Inc. assigning all rights and liabilities under the grant agreements and contracts in order that the Council on Aging can administer the grants. The Town is the program sponsor and is legally and financially obligated in connection with fulfilling these grant agreements.

18. Segment Information – Enterprise Fund

The enterprise fund of the Town of Franklinton accounts for the collection of gas, water, and sewer user fees, and the provision of services to support the gas, water and sewer systems. Segment information of the enterprise fund is presented in the following statements that comprise the set of financial statements:

Individual enterprise fund statements are included as columns in the combining statement of net assets; combining statements of revenues, expenses, and changes in net assets - proprietary fund type; and combining statement of cash flows - proprietary fund type and notes to the basic financial statements.

19. Reserved and Designated Fund Balances/Net Assets

At October 31, 2008, the Sales Tax Construction Fund had a reserved fund balance of \$64,997 for future construction and expenditures per requirements of the 2002 Sales Tax Ordinance, and the Sales Tax Debt Service had reserved fund balance of \$35,432 representing reservation of funds for debt service for the 2002 sales tax bond issue.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

20. Risk Management

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year.

In order to control insurance costs and concurrently manage the risks of loss, the Town of Franklinton during April 2004 increased the deductible on general liability insurance from \$5,000 to \$25,000 for each loss occurrence. The deductible has subsequently been increased to \$100,000, and the board of aldermen has approved a plan for funding estimated deductibles. As of October 31, 2008, a total of \$68,380 has been transferred to a separate insurance account designated for funding the deductible, and additional funds will be transferred to this account as funds become available.

21. Contingent Liabilities

Hurricane Katrina Disaster

As with other Louisiana communities, the Town of Franklinton incurred extensive damage to infrastructure because of Hurricane Katrina. The Town made timely application to the U.S. Federal Emergency Management Administration (FEMA) and completed all contracted work. As of the date of this financial report all funds due from FEMA have been received, with the exception of the final payment request to FEMA as noted in the following paragraph.

At October 31, 2006, a total receivable of \$4,174,617 had been recorded as Due From FEMA, and a payable of \$3,831,592 had been recorded for expenditures related to Hurricane Katrina. Of the total receivable at October 31, 2006, \$2,224,765 represented requests that had been denied by FEMA because the prices used in the request had been deemed to be unreasonable. On August 10, 2006, an appeal was filed with FEMA for reimbursement of the amounts denied. That appeal has been resolved as of the date of this report, resulting in an October 31, 2008 receivable of \$3,210,197, of which \$2,714,102 has been subsequently collected. As of December 31, 2008, and after consultation with FEMA representatives, a reimbursement request was filed for remaining public assistance in the amount of \$671,487 due to the Town of Franklinton. Although resolution of outstanding payment requests to FEMA is anticipated, final receipt of funds is pending. The Town is also in the process of resolving final claims for amounts due to the primary Katrina contractor.

Other Contingent Liabilities

At October 31, 2008, the Town has several suits pending or threatened litigation. As of the date of this report, the extent to which some of these suits are covered by insurance, the outcome of these suits, and any probable loss amount cannot be readily determinable.

Effective November 1, 2004, the Town of Franklinton approved a new health insurance policy and elected to pay the \$1,000 deductible per employee, if necessary. The deductible changes to \$750 at the first of year 2009. The Town expects a worse-case scenario in which ½ of the employee's \$750 health insurance deductibles will need to be paid by the Town in the following fiscal year. On this basis, the Town recorded a contingent liability, payable within the next fiscal year, of \$18,375 and allocated \$13,875 of the estimated expenditure to various departments within the General Fund, and the remaining estimated expenditure of \$4,500 to water, sewer, and gas departments within the Enterprise Fund.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

22. On-Behalf Payments by the State of Louisiana

For the fiscal year ended October 31, 2008, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town recorded \$85,826 of on behalf payments as revenue and as an expenditure in the General Fund and Fire Fund.

23. Subsequent Events

Projects completed during the fiscal year ending October 31, 2008, are listed first below since these projects are often related to projects planned or to new funding sources for the Town. The completed projects are followed by a listing of construction projects planned and in progress at fiscal year end. Completed projects totaling \$1,847,971 in construction cost are as follows:

- 1) *City Hall Improvements and Motor Vehicle Office Expansion* – This project was completed at a cost of \$445,079. Residents will benefit from expanded services from the Motor Vehicle office and the Town will receive a fee of \$3.00 on selected Office of Motor Vehicle (OMV) transactions to defray the cost of construction.
- 2) *Sewer System Evaluation Survey (SSES) Project* - This project was completed at a cost of \$298,203 and is one of the essential steps in improving the sewer system and complying to health department and environmental standards.
- 3) *Business Park Property and Acquisition (Taft Street)* – This project was completed at a cost of \$202,490 and provides increased access to industrial park projects providing employment opportunities for area residents. Funding was primarily by state grants.
- 4) *Asphalt Street Improvements Fiscal Year 2008* – Completed cost was \$436,093 for street improvements including parking lot improvements at the Industrial Park site. This project was funded by sales tax receipts.
- 5) *Grand Isle Industrial Site Building* – This project was completed at a final cost of \$466,106 with funding provided from a \$300,000 state grant with the remaining funds being provided by the Franklinton Area Economic Development Foundation (FAEDF). In addition to the job opportunities provided for residents and the additional investment by Grand Isle Shipyards, a lease between the Town and Grand Isle Shipyards provides a monthly lease payment of \$5,708 per month to reimburse construction and related operating costs of the Town and FAEDF.

At October 31, 2008, the Town of Franklinton had construction in progress, or planned construction for the following projects:

- 1) *Airfield Lighting and NAVAIDS Improvements* – At October 31, 2008, the Town of Franklinton had incurred initial costs of \$235,514, with total grant award from the State of Louisiana estimated at \$500,000.
- 2) *Preservation of Historic Steam Engine*. Funds of \$50,000 were provided by the State of Louisiana for preservation of the steam engine located at the Franklinton fairgrounds. At October 31, 2008, a total of \$39,171 had been incurred for construction expenditures.
- 3) *Lee Street Bridge Repairs* – At October 31, 2008 a grant of \$100,000 had been received to fund Lee Street Bridge repairs. After fiscal year end a total of \$67,000 additional funds were received to reimburse Lee Street Bridge repairs.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2008

- 4) Sewer Project 2009 - The Town of Franklinton will secure funding in January 2009 for a continuing project intended to improve the sewer system and to comply with applicable health and environmental standards. Project funding will total \$2,510,000 consisting of a USDA Rural Development loan of \$1,461,000, and a USDA Rural Development grant of \$949,000, with \$100,000 to be provided from Town of Franklinton funds. Part of the loan of \$1,491,000 will be used by the Town to pay off the \$900,000 Sewer Certificates of Indebtedness used for initial funding of sewer improvements.

24. Prior Period Adjustments

The Town of Franklinton recorded prior period adjustments in the general fund increasing beginning fund balance by \$669,931 from \$712,513 to \$1,382,444. On the government-wide statements, beginning net assets for governmental activities were also increased by \$669,931 from \$5,775,775 to \$6,445,706. The increase in net assets was due to an adjustment in the amount of the receivable due from the Federal Emergency Management Administration (FEMA) as the Town of Franklinton successfully completed the appeals process for amounts due from FEMA.

The Town also recorded a prior period adjustment in the Enterprise Fund decreasing net assets by \$38,506, decreasing beginning net assets from \$3,811,269 to \$3,772,763. The adjustment related to the restatement of customer accounts receivable as improved reconciliation procedures were implemented for accounts receivable.

Required Supplemental Information (Part II)

Schedule 1

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund - Summary
For the year ended October 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> GAAP Basis	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,438,000	\$ 1,400,008	\$ 1,398,010	\$ (1,998)
Licenses and Permits	353,000	350,350	355,484	5,134
Intergovernmental	249,000	530,316	983,908	453,592
Charges for Services	155,000	155,000	157,334	2,334
Fines and Forfeitures	72,000	85,000	81,076	(3,924)
Interest	10,000	10,000	5,787	(4,213)
Miscellaneous	36,400	39,075	47,643	8,568
Total Revenues	<u>2,313,400</u>	<u>2,569,749</u>	<u>3,029,242</u>	<u>459,493</u>
Expenditures				
General Government	595,500	708,000	753,843	(45,843)
Public Safety:				
Police	1,021,650	1,177,955	1,301,841	(123,886)
Fire	-	-	-	-
Public Works	513,550	559,750	564,080	(4,330)
Sanitation	140,800	146,500	137,319	9,181
Health and Welfare	265,810	457,960	500,094	(42,134)
Transportation	3,500	29,825	3,549	26,276
Economic Development	-	300,000	300,000	-
Capital Outlays	-	25,150	36,200	(11,050)
Total Expenditures	<u>2,540,810</u>	<u>3,405,140</u>	<u>3,596,926</u>	<u>(191,786)</u>
Excess Revenues (Expenditures)	<u>(227,410)</u>	<u>(835,391)</u>	<u>(567,684)</u>	<u>267,707</u>

Continued
See Auditor's Report.

Schedule 1

Town of Franklinton
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 General Fund - Summary
 For the year ended October 31, 2008

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Other Financing Sources (Uses)				
Operating Transfers In	\$ 330,860	\$ 242,300	\$ 226,989	\$ (15,311)
Operating Transfers (Out)	(103,450)	(113,000)	(256,920)	(143,920)
Sale of Fixed Assets	-	54,500	54,400	(100)
Capital Lease Principal	-	-	(5,614)	(5,614)
Capital Lease Interest	-	-	-	-
Total Other Financing Sources (Uses)	<u>227,410</u>	<u>183,800</u>	<u>18,855</u>	<u>(164,945)</u>
Net Change in Fund Balances	<u>-</u>	<u>(651,591)</u>	<u>(548,829)</u>	<u>102,762</u>
Fund Balances, Beginning				
Before Prior Period Adjustments	712,513	712,513	712,513	-
Prior Period Adjustments (Note 24)	<u>669,931</u>	<u>669,931</u>	<u>669,931</u>	<u>-</u>
Fund Balances, Beginning After Prior Period Adjustments	1,382,444	1,382,444	1,382,444	-
Fund Balances, Ending	<u>\$ 1,382,444</u>	<u>\$ 730,853</u>	<u>\$ 833,615</u>	<u>\$ 102,762</u>

(Concluded)
 See Auditor's Report.

Schedule 2

Town of Franklinton
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 General Fund - Detail
 For the year ended October 31, 2008

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Taxes				
Ad Valorem	\$ 120,000	\$ 120,250	\$ 121,349	\$ 1,099
Sales Taxes	1,073,000	1,073,000	1,059,928	(13,072)
Franchise Taxes	245,000	206,758	216,733	9,975
Total Taxes	<u>1,438,000</u>	<u>1,400,008</u>	<u>1,398,010</u>	<u>(1,998)</u>
Intergovernmental				
Federal Grants	-	-	42,867	42,867
State Grants	8,000	8,700	308,700	300,000
Supplemental Pay - Police	-	-	79,324	79,324
Police Jury Rebate	56,000	224,300	224,353	53
Council on Aging Grant	185,000	295,700	324,647	28,947
Other	-	1,616	4,017	2,401
Total Intergovernmental	<u>249,000</u>	<u>530,316</u>	<u>983,908</u>	<u>453,592</u>
Other Revenues				
Licenses and Permits	353,000	350,350	355,484	5,134
Charges for Services	155,000	155,000	157,334	2,334
Fines and Forfeitures	72,000	85,000	81,076	(3,924)
Interest	10,000	10,000	5,787	(4,213)
Donations	-	-	-	-
Miscellaneous	36,400	39,075	47,643	8,568
Total Other Revenues	<u>626,400</u>	<u>639,425</u>	<u>647,324</u>	<u>7,899</u>
Total Revenues	<u>2,313,400</u>	<u>2,569,749</u>	<u>3,029,242</u>	<u>459,493</u>

Continued
 See Auditor's Report.

Schedule 2

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund - Detail
For the year ended October 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>GAAP Basis</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government				
Salaries	273,500	290,500	297,945	(7,445)
Benefits	58,000	89,700	85,541	4,159
Payroll Taxes	16,500	20,000	22,963	(2,963)
General and Administrative	6,000	6,000	7,188	(1,188)
Insurance	117,000	143,000	187,151	(44,151)
Vehicle Expenses	10,000	12,400	8,252	4,148
Other operating	37,000	38,150	41,272	(3,122)
Professional Fees	43,000	68,250	60,307	7,943
Supplies	19,500	21,500	23,736	(2,236)
Utilities	15,000	18,500	19,488	(988)
Total General Government	<u>595,500</u>	<u>708,000</u>	<u>753,843</u>	<u>(45,843)</u>
Public Safety:				
Police				
Salaries	638,774	754,000	841,543	(87,543)
Benefits	208,500	178,500	176,010	2,490
Payroll Taxes	55,376	59,950	63,922	(3,972)
General and Administrative	12,000	19,475	19,734	(259)
Insurance	40,000	52,530	55,515	(2,985)
Vehicle Expenses	24,000	65,000	66,590	(1,590)
Other operating	1,000	1,000	849	151
Repairs and Maintenance	-	-	440	(440)
Supplies	15,000	15,500	42,757	(27,257)
Telephone	12,000	17,000	17,728	(728)
Utilities	15,000	15,000	16,753	(1,753)
Total Police	<u>1,021,650</u>	<u>1,177,955</u>	<u>1,301,841</u>	<u>(123,886)</u>
Total Public Safety	<u>1,021,650</u>	<u>1,177,955</u>	<u>1,301,841</u>	<u>(123,886)</u>

Continued
See Auditor's Report.

Schedule 2

Town of Franklinton
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 General Fund - Detail
 For the year ended October 31, 2008

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Public Works				
Salaries	248,100	280,000	284,487	(4,487)
Benefits	79,500	79,700	80,523	(823)
Payroll Taxes	19,000	19,450	20,383	(933)
General and Administrative	55,000	61,500	66,727	(5,227)
Insurance	42,450	60,100	46,675	13,425
Vehicle Expenses	24,500	33,000	35,064	(2,064)
Supplies	45,000	26,000	30,221	(4,221)
Total Public Works	513,550	559,750	564,080	(4,330)
Sanitation				
Insurance	-	-	2,190	(2,190)
Other operating	140,800	146,500	135,129	11,371
Total Sanitation	140,800	146,500	137,319	9,181
Health and Welfare				
Salaries	18,000	21,150	21,341	(191)
Benefits	6,980	6,980	6,980	-
Payroll Taxes	1,200	1,600	1,665	(65)
General and Administrative	1,130	1,130	1,128	2
Insurance	500	750	926	(176)
Other operating	238,000	426,350	468,054	(41,704)
Total Health and Welfare	265,810	457,960	500,094	(42,134)
Transportation				
General and Administrative	2,000	28,325	2,169	26,156
Utilities	1,500	1,500	1,380	120
Total Transportation	3,500	29,825	3,549	26,276
Economic Development				
Reimbursements to F.A.E.D.F.	-	300,000	300,000	-
Total Economic Development	-	300,000	300,000	-
Capital Outlays	-	25,150	36,200	(11,050)
Total Expenditures	2,540,810	3,105,140	3,596,926	(191,786)
Excess Revenues (Expenditures)	(227,410)	(835,391)	(567,684)	267,707

Continued
 See Auditor's Report.

Schedule 2

Town of Franklinton
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 General Fund - Detail
 For the year ended October 31, 2008

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Other Financing Sources (Uses)				
Operating Transfers In	\$ 330,860	\$ 242,300	\$ 226,989	\$ (15,311)
Operating Transfers (Out)	(103,450)	(113,000)	(256,920)	(143,920)
Sale of Fixed Assets	-	54,500	54,400	(100)
Capital Lease Principal	-	-	(5,614)	(5,614)
Capital Lease Interest	-	-	-	-
Total Other Financing Sources (Uses)	<u>227,410</u>	<u>183,800</u>	<u>18,855</u>	<u>(164,945)</u>
Net Change in Fund Balances	<u>-</u>	<u>(651,591)</u>	<u>(548,829)</u>	<u>102,762</u>
Fund Balances, Beginning				
Before Prior Period Adjustments	712,513	712,513	712,513	-
Prior Period Adjustments	<u>669,931</u>	<u>669,931</u>	<u>669,931</u>	<u>-</u>
Fund Balances, Beginning After Prior Period Adjustments	1,382,444	1,382,444	1,382,444	-
Fund Balances, Ending	<u>\$ 1,382,444</u>	<u>\$ 730,853</u>	<u>\$ 833,615</u>	<u>\$ 102,762</u>

Concluded
 See Auditor's Report.

Schedule 3

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Special Revenue Fund - Streets and Drainage Sales Tax
For the year ended October 31, 2008

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales Taxes	\$ 500,000	\$ 565,000	\$ 523,401	\$ (41,599)
Interest	20,000	18,000	17,140	(860)
Total Revenues	<u>520,000</u>	<u>583,000</u>	<u>540,541</u>	<u>(42,459)</u>
Expenditures				
Public Works	80,000	-	5,720	(5,720)
Amortization	-	-	896	(896)
Capital Outlays	278,000	663,630	-	663,630
Total Expenditures	<u>358,000</u>	<u>663,630</u>	<u>6,616</u>	<u>657,014</u>
Excess Revenues (Expenditures)	<u>162,000</u>	<u>(80,630)</u>	<u>533,925</u>	<u>614,555</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	165,417	165,417
Operating Transfers (Out)	-	-	(605,792)	(605,792)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(440,375)</u>	<u>(440,375)</u>
Net Change in Fund Balances	<u>162,000</u>	<u>(80,630)</u>	<u>93,550</u>	<u>174,180</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>727,264</u>	<u>727,264</u>
Fund Balances, Ending	<u>\$ 162,000</u>	<u>\$ (80,630)</u>	<u>\$ 820,814</u>	<u>\$ 901,444</u>

See Auditor's Report.

Other Supplemental Information

Non-Major Governmental Funds

Special Revenue Funds:

Fire Fund - To account for special activities of the fire department funded by fire rebates, grants, contributions, and transfers from other departments.

Police Ad Valorem - To account for the receipt and disbursement of a five (5) mill ad valorem tax dedicated for the purpose of maintaining and improving the police department.

Streets and Drainage Ad valorem - To account for the receipt and disbursement of a seven mill ad valorem tax dedicated for maintaining and improving streets and drainage.

Equipment Sales Tax - To account for the receipt and disbursement of 20% of a 1% sales tax dedicated for the purposes of acquiring, constructing, improving, maintaining and operating public buildings and facilities.

Buildings and Facilities Sales Tax - To account for the receipt and disbursement of 20 percent of a one percent sales tax dedicated for the purposes of acquiring, constructing, improving, maintaining and operating public buildings and facilities.

Industrial Development Sales Tax - To account for the receipt and disbursement of 10% of a 1% sales tax dedicated for the purposes of promoting and encouraging the location and development of commerce and industry, including land and building therefore, with the proceeds of the tax to be subject to being funded into bonds.

Rural Development Grant - To account for the receipt and disbursement of a grant from the State of Louisiana for the purpose of providing financial assistance to purchase new equipment at an industrial development location.

Industrial Development Grant - To account for economic development activities, including the recording of income and expenses related to on-going industrial development projects.

Debt Service Fund:

Sales Tax Debt Service - To account for resources set aside for payment of principal and interest on the 2002 Certificates of Indebtedness sales tax issue.

Town of Franklinton
Combining Balance Sheet -
Nonmajor Governmental Funds
As of October 31, 2008

Schedule 4

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Fire Fund	Police Ad Valorem	Streets and Drainage Ad Valorem	Equipment Sales Tax	Building and Facilities Sales Tax	Industrial Development Sales Tax	Rural Development Grant	Industrial Development Grant	Debt Service Fund		
Assets											
Cash	\$ 31,554	\$ 12,280	\$ 31,313	\$ 22,312	\$ 24,546	\$ 100,485	\$ 35,127	\$ 60,249	\$ -	\$ -	\$ 317,866
Investments	107,481	-	83,066	-	-	-	-	-	-	-	190,547
Receivables, Net:											
Intergovernmental	-	-	-	16,813	16,813	8,407	-	-	-	-	42,033
Accounts and Other	1,022	-	-	-	-	-	-	-	-	-	1,022
Due From Other Funds	-	33,536	368,682	4,348	4,348	2,174	-	-	-	-	413,108
Bond Issue Cost, Net	-	-	-	1,286	1,286	643	-	-	-	-	3,215
Restricted Cash	-	-	-	-	-	-	-	-	35,432	-	35,432
Total Assets	\$ 140,057	\$ 45,836	\$ 483,061	\$ 44,759	\$ 46,993	\$ 111,709	\$ 35,127	\$ 60,249	\$ 35,432	\$ -	\$ 1,003,223
Liabilities and Fund Balances											
Liabilities:											
Accounts Payable	\$ 2,359	\$ 437	\$ 758	\$ 21,864	\$ 1,342	\$ 63	\$ -	\$ -	\$ -	\$ -	\$ 26,823
Other Accrued Expenses	283	-	-	-	-	-	-	-	-	-	283
Due to Other Funds	1,100	7,700	74,850	10,685	-	35,592	-	120,000	-	-	249,927
Total Liabilities	3,742	8,137	75,608	32,549	1,342	35,655	-	120,000	-	-	277,033
Fund Balances:											
Unreserved Fund Balances	136,315	37,699	407,453	12,210	45,651	76,054	35,127	(59,751)	-	-	690,758
Reserved Fund Balance	-	-	-	-	-	-	-	-	35,432	-	35,432
Total Fund Balances	136,315	37,699	407,453	12,210	45,651	76,054	35,127	(59,751)	35,432	-	726,190
Total Liabilities and Fund Balances	\$ 140,057	\$ 45,836	\$ 483,061	\$ 44,759	\$ 46,993	\$ 111,709	\$ 35,127	\$ 60,249	\$ 35,432	\$ -	\$ 1,003,223

See Auditor's Report.

Town of Franklinton
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the year ended October 31, 2008

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Fire Fund	Police Ad Valorem	Streets and Drainage Ad Valorem	Equipment Sales Tax	Building and Facilities Sales Tax	Industrial Development Sales Tax	Rural Develop- ment Grant	Industrial Develop- ment Grant	Debt Service Fund		
Revenues											
Ad Valorem Taxes	\$ -	\$ 85,902	\$ 120,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,019	
Sales Tax	-	-	-	209,424	209,506	104,545	-	-	-	523,475	
Grants	10,000	-	-	-	-	-	-	-	-	10,000	
Interest	3,915	701	6,156	501	2,405	2,841	699	11,989	4,051	33,258	
Intergovernmental	31,530	-	-	-	-	-	-	-	-	31,530	
Other	4,045	20	(5)	-	-	34,856	-	-	-	38,916	
Unrealized Gain (Loss) on Investments	-	-	(487)	-	-	-	-	-	-	(487)	
Total Revenues	49,490	86,623	125,781	209,925	211,911	142,242	699	11,989	4,051	842,711	
Expenditures											
General Government	-	-	-	78,667	8,142	4,507	-	-	-	91,316	
Public Safety	-	66,942	-	8,325	3,116	-	-	-	-	78,383	
Police	-	-	-	16,073	1,426	-	-	-	-	187,199	
Fire	169,700	-	-	20,844	-	-	-	-	-	85,466	
Public Works	-	-	64,622	1,029	-	-	-	-	-	1,029	
Health and Welfare	-	-	-	358	358	179	-	-	-	895	
Amortization	-	-	-	-	-	800	-	-	-	800	
Economic Development	-	-	-	-	-	-	-	-	-	-	
Capital Outlays	-	8,507	17,500	2,333	-	-	-	-	-	28,340	
Total Expenditures	169,700	75,449	82,122	127,629	13,042	5,486	-	-	-	473,428	
Excess of Revenues Over Expenditures	(120,210)	11,174	43,659	82,296	198,869	136,756	699	11,989	4,051	369,283	
Other Financing Sources (Uses)											
Bond Principal Payments	-	-	-	-	-	-	-	-	(407,000)	(407,000)	
Interest Expense	-	-	(2,342)	-	-	-	-	-	(83,410)	(85,752)	
Capital Lease Principal Payments	-	-	(10,551)	-	-	-	-	-	-	(10,551)	
Operating Transfers In	113,000	-	9,884	-	-	207,869	-	342,308	490,362	1,163,423	
Operating Transfers Out	-	-	(146,160)	(104,728)	(323,565)	(363,514)	-	(422,463)	-	(1,360,430)	
Total Other Financing Sources (Uses)	113,000	-	(149,169)	(104,728)	(323,565)	(155,645)	-	(80,155)	(48)	(700,310)	
Special Items											
Capital Lease Receivable Payments Received	-	-	-	-	-	-	-	51,228	-	51,228	
Capital Lease Payments collected for and transferred to F.A.E.D.F.	-	-	(2,342)	-	-	-	-	(25,248)	-	(25,248)	
Capital Lease Interest revenue collected for and transferred to F.A.E.D.F.	-	-	(10,551)	-	-	-	-	(17,565)	-	(17,565)	
Total Special Items	-	-	(14,893)	-	-	-	-	8,415	-	8,415	
Net Change in Fund Balances	(7,210)	11,174	(105,510)	(22,432)	(124,696)	(18,889)	699	(59,751)	4,003	(322,612)	
Fund Balances, Beginning	143,525	26,525	512,963	34,642	170,347	94,943	34,428	-	31,429	1,048,802	
Fund Balances, Ending	\$ 136,315	\$ 37,699	\$ 407,453	\$ 12,210	\$ 45,651	\$ 76,054	\$ 35,127	\$ (59,751)	\$ 35,432	\$ 726,190	

See Auditor's Report.

Schedule 6

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund - Police Ad Valorem
For the year ended October 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Ad Valorem Taxes	\$ 76,000	\$ 85,900	\$ 85,902	\$ 2
Interest	2,000	750	701	(49)
Miscellaneous	-	20	20	-
Total Revenues	<u>78,000</u>	<u>86,670</u>	<u>86,623</u>	<u>(47)</u>
Expenditures				
Public Safety:				
Police				
Insurance	-	2,500	2,517	(17)
Other operating	23,000	26,040	27,538	(1,498)
Repairs and Maintenance	18,000	22,700	22,852	(152)
Supplies	7,000	16,050	14,035	2,015
Capital Outlays	30,000	10,000	8,507	1,493
Total Expenditures	<u>78,000</u>	<u>77,290</u>	<u>75,449</u>	<u>1,841</u>
Excess Revenues (Expenditures)	<u>-</u>	<u>9,380</u>	<u>11,174</u>	<u>1,794</u>
Net Change in Fund Balances	<u>-</u>	<u>9,380</u>	<u>11,174</u>	<u>1,794</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>26,525</u>	<u>26,525</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ 9,380</u>	<u>\$ 37,699</u>	<u>\$ 28,319</u>

See Auditor's Report.

Schedule 7

Town of Franklinton
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
 Special Revenue Fund - Streets and Drainage Ad Valorem
 For the year ended October 31, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Ad Valorem Taxes	\$ 110,000	\$ 120,117	\$ 120,117	\$ -
Interest	12,000	4,000	6,156	2,156
Miscellaneous	-	-	(492)	(492)
Total Revenues	<u>122,000</u>	<u>124,117</u>	<u>125,781</u>	<u>1,664</u>
Expenditures				
Public Works	57,000	204,800	64,622	140,178
Capital Outlays	65,000	27,000	17,500	9,500
Total Expenditures	<u>122,000</u>	<u>231,800</u>	<u>82,122</u>	<u>149,678</u>
Excess Revenues (Expenditures)	<u>-</u>	<u>(107,683)</u>	<u>43,659</u>	<u>151,342</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	9,884	9,884
Operating Transfers (Out)	-	-	(146,160)	(146,160)
Capital Lease Principal	-	-	(10,551)	(10,551)
Capital Lease Interest	-	-	(2,342)	(2,342)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(149,169)</u>	<u>(149,169)</u>
Net Change in Fund Balances	<u>-</u>	<u>(107,683)</u>	<u>(105,510)</u>	<u>2,173</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>512,963</u>	<u>512,963</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ (107,683)</u>	<u>\$ 407,453</u>	<u>\$ 515,136</u>

See Auditor's Report.

Schedule 8

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund - Equipment Sales Tax Fund
For the year ended October 31, 2008

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales Taxes	\$ 210,000	\$ 205,000	\$ 209,424	\$ 4,424
Interest	1,500	550	501	(49)
Total Revenues	<u>211,500</u>	<u>205,550</u>	<u>209,925</u>	<u>4,375</u>
Expenditures				
General Government	74,000	55,950	78,667	(22,717)
Public Safety:				
Police	8,000	4,800	8,325	(3,525)
Fire	10,000	15,000	16,073	(1,073)
Public Works	13,000	17,000	20,844	(3,844)
Health and Welfare	-	1,100	1,029	71
Amortization	-	-	358	(358)
Capital Outlays	9,000	17,086	2,333	14,753
Total Expenditures	<u>114,000</u>	<u>110,936</u>	<u>127,629</u>	<u>(16,693)</u>
Excess Revenues (Expenditures)	<u>97,500</u>	<u>94,614</u>	<u>82,296</u>	<u>(12,318)</u>
Other Financing Sources (Uses)				
Bond Principal	(97,500)	(97,500)	-	97,500
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	(104,728)	(104,728)
Total Other Financing Sources (Uses)	<u>(97,500)</u>	<u>(97,500)</u>	<u>(104,728)</u>	<u>(7,228)</u>
Net Change in Fund Balances	<u>-</u>	<u>(2,886)</u>	<u>(22,432)</u>	<u>(19,546)</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>34,642</u>	<u>34,642</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ (2,886)</u>	<u>\$ 12,210</u>	<u>\$ 15,096</u>

See Auditor's Report.

Schedule 9

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund - Buildings and Facilities Sales Tax Fund
For the year ended October 31, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Sales Taxes	\$ 210,000	\$ 205,000	\$ 209,506	\$ 4,506
Interest	6,000	2,600	2,405	(195)
Total Revenues	<u>216,000</u>	<u>207,600</u>	<u>211,911</u>	<u>4,311</u>
Expenditures				
General Government	94,000	304,253	8,142	296,111
Public Safety:				
Police	-	1,862	3,116	(1,254)
Fire	-	9,150	1,426	7,724
Amortization	-	-	358	(358)
Total Expenditures	<u>94,000</u>	<u>315,265</u>	<u>13,042</u>	<u>302,223</u>
Excess Revenues (Expenditures)	<u>122,000</u>	<u>(107,665)</u>	<u>198,869</u>	<u>306,534</u>
Other Financing Sources (Uses)				
Bond Principal	(122,000)	(122,000)	-	122,000
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	(323,565)	(323,565)
Total Other Financing Sources (Uses)	<u>(122,000)</u>	<u>(122,000)</u>	<u>(323,565)</u>	<u>(201,565)</u>
Net Change in Fund Balances	<u>-</u>	<u>(229,665)</u>	<u>(124,696)</u>	<u>104,969</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>170,347</u>	<u>170,347</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ (229,665)</u>	<u>\$ 45,651</u>	<u>\$ 275,316</u>

See Auditor's Report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund - Industrial Development Sales Tax Fund
For the year ended October 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Sales Taxes	\$ 100,000	\$ 145,000	\$ 104,545	\$ (40,455)
Interest	15,000	3,050	2,841	(209)
Miscellaneous	-	164,350	34,856	(129,494)
Total Revenues	<u>115,000</u>	<u>312,400</u>	<u>142,242</u>	<u>(170,158)</u>
Expenditures				
General Government	2,000	4,525	4,507	18
Amortization	-	-	179	(179)
Economic Development	-	-	800	(800)
Capital Outlays	-	348,710	-	348,710
Total Expenditures	<u>2,000</u>	<u>353,235</u>	<u>5,486</u>	<u>347,749</u>
Excess Revenues (Expenditures)	<u>113,000</u>	<u>(40,835)</u>	<u>136,756</u>	<u>177,591</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	207,869	207,869
Operating Transfers (Out)	-	-	(363,514)	(363,514)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(155,645)</u>	<u>(155,645)</u>
Net Change in Fund Balances	<u>113,000</u>	<u>(40,835)</u>	<u>(18,889)</u>	<u>21,946</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>94,943</u>	<u>94,943</u>
Fund Balances, Ending	<u>\$ 113,000</u>	<u>\$ (40,835)</u>	<u>\$ 76,054</u>	<u>\$ 116,889</u>

See Auditor's Report.

Schedule 11

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund - Rural Development Grant Fund
For the year ended October 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Interest	\$ -	\$ -	\$ 699	\$ 699
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>699</u>	<u>699</u>
Expenditures				
Capital Outlays	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>699</u>	<u>699</u>
Fund Balances, Beginning	<u>34,428</u>	<u>34,428</u>	<u>34,428</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 34,428</u>	<u>\$ 34,428</u>	<u>\$ 35,127</u>	<u>\$ 699</u>

See Auditor's Report.

Schedule 12

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund - Industrial Development Grant Fund
For the year ended October 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Interest	\$ -	\$ -	\$ 11,989	\$ 11,989
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>11,989</u>	<u>11,989</u>
Expenditures				
Transfers to Other Governments	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Operating Transfers In	\$ -	\$ -	\$ 342,308	\$ 342,308
Operating Transfers (Out)	-	-	(422,463)	(422,463)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(80,155)</u>	<u>(80,155)</u>
Excess Revenues (Expenditures) before Special Items	<u>-</u>	<u>-</u>	<u>(68,166)</u>	<u>(68,166)</u>
Special Items				
Capital Lease Receivable Payments Received	-	-	51,228	51,228
Capital Lease Payments collected for and transferred to F.A.E.D.F.	-	-	(25,248)	(25,248)
Capital Lease Interest revenue collected for and transferred to F.A.E.D.F.	-	-	(17,565)	(17,565)
Total Special Items	<u>-</u>	<u>-</u>	<u>8,415</u>	<u>8,415</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>(59,751)</u>	<u>(59,751)</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,751)</u>	<u>\$ (59,751)</u>

See Auditor's Report.

Schedule 13

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Special Revenue Fund - Fire Fund
For the year ended October 31, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable
Revenues				
Intergovernmental	\$ 1,750	\$ 25,028	\$ 41,530	\$ 16,502
Interest	-	4,500	3,915	(585)
Miscellaneous	-	100	4,045	3,945
Total Revenues	<u>1,750</u>	<u>29,628</u>	<u>49,490</u>	<u>19,862</u>
Expenditures				
Public Safety:				
Fire				
Salaries	29,864	29,250	35,954	(6,704)
Benefits	9,036	8,500	8,667	(167)
Payroll Taxes	2,500	2,300	2,288	12
Insurance	28,200	26,700	24,519	2,181
Fuel	5,500	7,200	7,394	(194)
Other operating	9,250	23,520	37,561	(14,041)
Repairs and Maintenance	2,500	29,500	21,815	7,685
Supplies	5,000	21,780	18,734	3,046
Telephone	4,000	4,500	4,442	58
Utilities	7,600	8,000	8,326	(326)
Total Expenditures	<u>103,450</u>	<u>161,250</u>	<u>169,700</u>	<u>(8,450)</u>
Excess Revenues (Expenditures)	<u>(101,700)</u>	<u>(131,622)</u>	<u>(120,210)</u>	<u>11,412</u>
Other Financing Sources (Uses)				
Operating Transfers In	103,450	125,000	113,000	(12,000)
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>103,450</u>	<u>125,000</u>	<u>113,000</u>	<u>(12,000)</u>
Net Change in Fund Balances	<u>1,750</u>	<u>(6,622)</u>	<u>(7,210)</u>	<u>(588)</u>
Fund Balances, Beginning	<u>143,525</u>	<u>143,525</u>	<u>143,525</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 145,275</u>	<u>\$ 136,903</u>	<u>\$ 136,315</u>	<u>\$ (588)</u>

(Concluded)
See Auditor's Report.

Business-Type Funds

Proprietary Funds:

- Gas Utility System -** To account for the provision of gas services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.
- Water Utility System -** To account for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.
- Sewer Utility System -** To account for the provision of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Schedule 14

Town of Franklinton
 Comparative Schedule of Net Assets - Proprietary Fund Type
 As of October 31, 2008 and 2007

	Enterprise Funds	
	2008	2007
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 146,431	\$ 41,503
Investments	1,877,030	1,820,562
Receivables, Net		
Accounts	423,946	288,264
Other Receivables	1,068	1,587
Due From Other Funds	6,050	6,050
Inventory - Gas and Supplies	69,933	70,072
Bond Issue Costs, Net	6,478	6,754
Prepaid Insurance	24,142	36,486
Total Current Assets	2,555,078	2,271,278
Restricted Assets:		
Restricted Cash and Cash Equivalents	274,085	254,430
Restricted Investments - Customer Deposits	75,000	75,000
Total Restricted Assets	349,085	329,430
Property, Plant, and Equipment		
Land	3,300	3,300
Property, Plant and Equipment, Net	3,931,315	4,018,896
Total Property, Plant, and Equipment	3,934,615	4,022,196
Total Assets	6,838,778	6,622,904
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	102,413	75,566
Compensated Absences Payable	8,461	9,552
Other Accrued Payables	30,517	16,669
Retainage Payable	13,145	-
Due To Other Funds	22,871	25,948
Total Current Liabilities (Payable From Current Assets)	177,407	127,735
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	129,591	135,683
Revenue Bonds Payable	124,722	29,238
Interest Payable on Long Term Debt	7,125	7,125
Total Current Liabilities (Payable From Restricted Assets)	261,438	172,046
Long Term Liabilities:		
Bonds Payable	2,348,604	2,473,327
Compensated Absences Payable	35,980	38,527
Total Long Term Liabilities	2,384,584	2,511,854
Total Liabilities	2,823,429	2,811,635
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,586,011	1,579,853
Restricted for:		
Capital Projects and Debt Service	87,647	126,400
Unrestricted	2,341,691	2,105,016
Total Net Assets	\$ 4,015,349	\$ 3,811,269

See Auditor's Report.

Schedule 15

Town of Franklinton
Comparative Schedule of Revenues, Expenses and Changes in Net Assets
Proprietary Fund Type
For the years ended October 31, 2008 and 2007

	Enterprise Funds	
	2008	2007
Operating Revenues		
Gas Sales	\$ 1,276,118	\$ 1,228,671
Less Cost of Gas Sold	(936,797)	(936,368)
Gross Profit on Gas Sales	339,321	292,303
Water Sales	492,058	444,685
Sewer Service Charges	540,587	433,140
Penalties	80,559	11,391
Other	25,930	12,562
Total Operating Revenues	1,478,455	1,194,081
Operating Expenses		
Depreciation	400,026	401,106
Employee Benefits	114,905	110,538
Insurance	73,588	101,183
Meter Reading	28,604	25,422
Repairs and Maintenance	22,214	67,131
Professional Fees	68,856	65,815
Salaries and Wages	326,861	312,966
Supplies	134,223	223,519
Utilities	97,424	69,871
Other	91,763	62,665
Total Operating Expenses	1,358,464	1,440,216
Operating Income (Loss)	119,991	(246,135)
Nonoperating Revenues (Expenses)		
Unrealized Gain (Loss) on Investments	(16,454)	19,411
Interest Income	86,295	112,815
Interest Expense	(121,068)	(123,227)
Total Nonoperating Revenues (Expenses)	(51,227)	8,999
Income (Loss) Before Contributions and Transfers	68,764	(237,136)
Contributions and Transfers		
Operating Transfers In	268,822	345,220
Operating Transfers Out	(95,000)	(160,000)
Change in Net Assets	242,586	(51,916)
Total Net Assets, Beginning	3,811,269	3,863,185
Prior Period Adjustment (Note 23)	(38,506)	-
Total Net Assets, Ending	\$ 4,015,349	\$ 3,811,269

See Auditor's Report.

Schedule 16

Town of Franklinton
Comparative Schedule of Cash Flows
Proprietary Fund Type
For the years ended October 31, 2008 and 2007

	Enterprise Funds	
	2008	2007
Cash Flows From Operating Activities		
Received From Customers	\$ 2,215,134	\$ 2,085,811
Paid for Meter Deposit Fees	(6,092)	(29,005)
Other Receipts	26,449	10,975
Paid for Interfund Services	(3,077)	17,302
Payments for Operations	(1,403,040)	(1,516,350)
Payments to Employees	(442,379)	(415,291)
Net Cash Provided by Operating Activities	<u>386,995</u>	<u>153,442</u>
Cash Flows From Noncapital Financing Activities		
Transfers From (To) Other Funds	<u>173,822</u>	<u>185,220</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>173,822</u>	<u>185,220</u>
Cash Flows From Capital and Related Financing Activities		
(Payments for) Capital Acquisitions	(299,300)	(527,869)
Principal Proceeds from (Repayments for) Long Term Debt	(29,239)	(27,828)
Interest Payments for Long Term Debt	(121,068)	(123,227)
Net Cash (Used) by Capital and Related Financing Activities	<u>(449,607)</u>	<u>(678,924)</u>
Cash Flows From Investing Activities		
Receipt of Interest	86,295	112,815
Proceeds from sale (Payments) for Investments	(72,922)	(79,491)
Net Cash Provided (Used) by Investing Activities	<u>13,373</u>	<u>33,324</u>
Net Increase (Decrease) in Cash and Cash Equivalents	124,583	(306,938)
Cash and Cash Equivalents, Beginning of Year	295,933	602,871
Cash and Cash Equivalents, End of Year	<u>\$ 420,516</u>	<u>\$ 295,933</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:		
Cash and Cash Equivalents, Unrestricted	\$ 146,431	\$ 41,503
Cash and Cash Equivalents, Restricted	274,085	254,430
Total Cash and Cash Equivalents	<u>\$ 420,516</u>	<u>\$ 295,933</u>

(Continued)

See Auditor's Report.

Town of Franklinton
Comparative Schedule of Cash Flows
Proprietary Fund Type
For the years ended October 31, 2008 and 2007

	Enterprise Funds	
	2008	2007
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
by Operating Activities		
Operating Income (Loss)	\$ 119,991	\$ (246,135)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation and amortization	400,302	401,382
(Increase) Decrease in Accounts Receivable	(174,188)	(32,076)
(Increase) Decrease in Other Receivable	519	(1,587)
(Increase) Decrease in Inventory	139	35,944
(Increase) Decrease in Prepaid Insurance	12,344	(9,310)
(Increase) Decrease in Due (to) and from Other Funds	(3,077)	17,302
Increase (Decrease) in Accounts Payable	26,847	7,239
Increase (Decrease) in Compensated Absences	(3,638)	4,666
Increase (Decrease) in Accrued Expenses	13,848	5,022
Increase (Decrease) in Customer Deposits	(6,092)	(29,005)
Net Cash Provided by Operating Activities	<u>\$ 386,995</u>	<u>\$ 153,442</u>

(Concluded)

See Auditor's Report.

Town of Franklinton
Combining Schedule of Net Assets - Proprietary Fund Type - Utility Funds
For the year ended October 31, 2008

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 43,972	\$ 48,459	\$ 54,000	\$ 146,431
Investments	951,992	418,373	506,665	1,877,030
Accounts Receivables, Net	71,267	285,708	66,971	423,946
Other Receivables	950	54	64	1,068
Due From Other Funds	5,000	-	1,050	6,050
Inventory	42,523	16,424	10,986	69,933
Bond Issue Cost, Net	-	-	6,478	6,478
Prepaid Insurance	6,587	8,439	9,116	24,142
Total Current Assets	<u>1,122,291</u>	<u>777,457</u>	<u>655,330</u>	<u>2,555,078</u>
Restricted Assets:				
Restricted Cash and Cash Equivalents	8,991	150,770	114,324	274,085
Restricted Investments - Customer Deposits	50,000	25,000	-	75,000
Total Restricted Assets	<u>58,991</u>	<u>175,770</u>	<u>114,324</u>	<u>349,085</u>
Property, Plant, and Equipment				
Land	-	3,300	-	3,300
Property, Plant and Equipment, Net	<u>82,282</u>	<u>677,483</u>	<u>3,171,550</u>	<u>3,931,315</u>
Total Property, Plant, and Equipment	<u>82,282</u>	<u>680,783</u>	<u>3,171,550</u>	<u>3,934,615</u>
Total Assets	<u>1,263,564</u>	<u>1,634,010</u>	<u>3,941,204</u>	<u>6,838,778</u>
Liabilities				
Current Liabilities (Payable From Current Assets):				
Accounts Payable	93,250	5,981	3,182	102,413
Compensated Absences Payable	5,496	1,897	1,068	8,461
Other Accrued Payables	8,852	17,861	16,949	43,662
Due To Other Funds	7,932	714	14,225	22,871
Total Current Liabilities (Payable From Current Assets)	<u>115,530</u>	<u>26,453</u>	<u>35,424</u>	<u>177,407</u>
Current Liabilities (Payable From Restricted Assets):				
Customer Deposits	59,376	70,215	-	129,591
Revenue Bonds Payable	-	19,009	105,713	124,722
Interest Payable on Long Term Debt	-	-	7,125	7,125
Total Current Liabilities (Payable From Restricted Assets)	<u>59,376</u>	<u>89,224</u>	<u>112,838</u>	<u>261,438</u>
Long Term Liabilities:				
Bonds Payable	-	1,056,854	1,291,750	2,348,604
Compensated Absences Payable	20,823	14,318	839	35,980
Total Long Term Liabilities	<u>20,823</u>	<u>1,071,172</u>	<u>1,292,589</u>	<u>2,384,584</u>
Total Liabilities	<u>195,729</u>	<u>1,186,849</u>	<u>1,440,851</u>	<u>2,823,429</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt				1,586,011
Restricted for:				
Capital Projects and Debt Service				87,647
Unrestricted				2,341,691
Total Net Assets				<u>\$ 4,015,349</u>

See Auditor's Report.

Town of Franklinton
Combining Schedule of Revenues, Expenses and Changes in Net Assets
Proprietary Fund Type - By Department
For the year ended October 31, 2008

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues				
Gas Sales	\$ 1,276,118	\$ -	\$ -	\$ 1,276,118
Less Cost of Gas Sold	(936,797)	-	-	(936,797)
Gross Profit on Gas Sales	339,321	-	-	339,321
Water Sales	-	492,058	-	492,058
Sewer Service Charges	-	-	540,587	540,587
Penalties	32,365	18,159	30,035	80,559
Other	3,199	15,849	6,882	25,930
Total Operating Revenues	<u>374,885</u>	<u>526,066</u>	<u>577,504</u>	<u>1,478,455</u>
Operating Expenses				
Depreciation	13,303	74,883	311,840	400,026
Employee Benefits	42,218	36,479	36,208	114,905
Insurance	27,114	23,288	23,186	73,588
Meter Reading	14,302	14,302	-	28,604
Repairs and Maintenance	-	7,932	14,282	22,214
Professional Fees	11,600	12,340	44,916	68,856
Salaries and Wages	121,189	105,764	99,908	326,861
Supplies	47,433	45,311	41,479	134,223
Utilities	-	47,117	50,307	97,424
Other	45,602	30,889	15,272	91,763
Total Operating Expenses	<u>322,761</u>	<u>398,305</u>	<u>637,398</u>	<u>1,358,464</u>
Operating Income (Loss)	<u>52,124</u>	<u>127,761</u>	<u>(59,894)</u>	<u>119,991</u>
Nonoperating Revenues (Expenses)				
Unrealized Gain (Loss) on Investments	(8,749)	(3,612)	(4,093)	(16,454)
Interest Income	38,187	26,071	22,037	86,295
Interest Expense	-	(54,388)	(66,680)	(121,068)
Total Nonoperating Revenues (Expenses)	<u>29,438</u>	<u>(31,929)</u>	<u>(48,736)</u>	<u>(51,227)</u>
Income (Loss) Before Transfers	<u>81,562</u>	<u>95,832</u>	<u>(108,630)</u>	<u>68,764</u>
Transfers				
Operating Transfers In	-	56,655	212,167	268,822
Operating Transfers Out	(20,000)	(25,000)	(50,000)	(95,000)
Change in Net Assets	<u>\$ 61,562</u>	<u>\$ 127,487</u>	<u>\$ 53,537</u>	<u>242,586</u>
Total Net Assets, Beginning				3,811,269
Prior Period Adjustment (Note 23)				(38,506)
Total Net Assets, Ending				<u>\$ 4,015,349</u>

See Auditor's Report.

Schedule 19

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Assets
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Gas Utility System
For the year ended October 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Gas Sales	\$ 1,300,000	\$ 1,276,118	\$ (23,882)
Less Cost of Gas Sold	(920,000)	(936,797)	(16,797)
Gross Profit on Gas Sales	380,000	339,321	(40,679)
Fines and Forfeitures	32,150	32,365	215
Other	3,500	3,199	(301)
Total Operating Revenues	<u>415,650</u>	<u>374,885</u>	<u>(40,765)</u>
Operating Expenses			
Depreciation	28,000	13,303	14,697
Employee Benefits	42,400	42,218	182
Insurance	22,675	27,114	(4,439)
Meter Reading	14,300	14,302	(2)
Professional Fees	13,000	11,600	1,400
Salaries and Wages	119,000	121,189	(2,189)
Supplies	35,850	47,433	(11,583)
Other	52,550	45,602	6,948
Total Operating Expenses	<u>327,775</u>	<u>322,761</u>	<u>5,014</u>
Operating Income (Loss)	<u>87,875</u>	<u>52,124</u>	<u>(35,751)</u>
Nonoperating Revenues (Expenses)			
Unrealized Gain (Loss) on Investments	-	(8,749)	(8,749)
Interest Income	-	38,187	38,187
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>29,438</u>	<u>29,438</u>
Income (Loss) Before Transfers	<u>87,875</u>	<u>81,562</u>	<u>(6,313)</u>
Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	(70,000)	(20,000)	50,000
Change in Net Assets	<u>\$ 17,875</u>	<u>\$ 61,562</u>	<u>\$ 43,687</u>

See Auditor's Report.

Schedule 20

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Assets
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water Utility System
For the year ended October 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 462,000	\$ 492,058	\$ 30,058
Fines and Forfeitures	18,250	18,159	(91)
Other	23,100	15,849	(7,251)
Total Operating Revenues	<u>503,350</u>	<u>526,066</u>	<u>22,716</u>
Operating Expenses			
Depreciation	73,000	74,883	(1,883)
Employee Benefits	36,500	36,479	21
Insurance	19,600	23,288	(3,688)
Meter Reading	14,500	14,302	198
Repairs and Maintenance	23,826	7,932	15,894
Professional Fees	12,500	12,340	160
Salaries and Wages	111,500	105,764	5,736
Supplies	53,000	45,311	7,689
Utilities	42,850	47,117	(4,267)
Other	28,850	30,889	(2,039)
Total Operating Expenses	<u>416,126</u>	<u>398,305</u>	<u>17,821</u>
Operating Income (Loss)	<u>87,224</u>	<u>127,761</u>	<u>40,537</u>
Nonoperating Revenues (Expenses)			
Unrealized Gain (Loss) on Investments	-	(3,612)	(3,612)
Interest Income	16,000	26,071	10,071
Interest Expense	(54,400)	(54,388)	12
Total Nonoperating Revenues (Expenses)	<u>(38,400)</u>	<u>(31,929)</u>	<u>6,471</u>
Income (Loss) Before Transfers	<u>48,824</u>	<u>95,832</u>	<u>47,008</u>
Transfers			
Operating Transfers In	-	56,655	56,655
Operating Transfers Out	(25,000)	(25,000)	-
Change in Net Assets	<u>\$ 23,824</u>	<u>\$ 127,487</u>	<u>\$ 103,663</u>

See Auditor's Report.

Schedule 21

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Assets
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Sewer Utility System
For the year ended October 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Sewer Charges	\$ 497,000	\$ 540,587	\$ 43,587
Fines and Forfeitures	62,000	30,035	(31,965)
Other	14,200	6,882	(7,318)
Total Operating Revenues	<u>573,200</u>	<u>577,504</u>	<u>4,304</u>
Operating Expenses			
Depreciation	242,000	311,840	(69,840)
Employee Benefits	34,800	36,208	(1,408)
Insurance	10,925	23,186	(12,261)
Repairs and Maintenance	12,600	14,282	(1,682)
Professional Fees	46,500	44,916	1,584
Salaries and Wages	103,000	99,908	3,092
Supplies	25,000	41,479	(16,479)
Utilities	50,000	50,307	(307)
Other	39,375	15,272	24,103
Total Operating Expenses	<u>564,200</u>	<u>637,398</u>	<u>(73,198)</u>
Operating Income (Loss)	<u>9,000</u>	<u>(59,894)</u>	<u>(68,894)</u>
Nonoperating Revenues (Expenses)			
Unrealized Gain (Loss) on Investments	-	(4,093)	(4,093)
Interest Income	1,800	22,037	20,237
Interest Expense	(24,000)	(66,680)	(42,680)
Total Nonoperating Revenues (Expenses)	<u>(22,200)</u>	<u>(48,736)</u>	<u>(26,536)</u>
Income (Loss) Before Transfers	<u>(13,200)</u>	<u>(108,630)</u>	<u>(95,430)</u>
Transfers			
Operating Transfers In	-	212,167	212,167
Operating Transfers Out	-	(50,000)	(50,000)
Change in Net Assets	<u>\$ (13,200)</u>	<u>\$ 53,537</u>	<u>\$ 66,737</u>

See Auditor's Report.

Schedule 22

Town of Franklinton
Schedule of Gas, Water and Sewer Rates
Proprietary Fund Type
For the year ended October 31, 2008

Gas			
Residential Rates		Commercial Rates	
\$ 7.250	- First 500 Cubic Feet	\$10.250	- First 500 Cubic Feet
\$ 1.415	- Per 100 Cubic Feet over 500 Cubic Feet	\$ 1.425	- Per 100 Cubic Feet over 500 Cubic Feet
Industrial Rates			
Base Price of \$25, plus adjustment based on cost of gas and CPI Index			
Water			
Residential Rates		Commercial Rates	
\$ 14.00	- First 3,000 Gallons	\$ 14.00	- First 3,000 Gallons
\$ 1.25	- Per 1,000 Gallons of Water over 3,000 Gallons	\$ 1.25	- Per 1,000 Gallons of Water over 3,000 Gallons
Sewer			
Residential Rates		Commercial Rates	
\$ 14.00	- First 5,000 Gallons	\$ 18.00	- First 5,000 Gallons
\$ 2.00	- Per 1,000 Gallons of Water over 5,000 Gallons	\$ 1.85	- Per 1,000 Gallons of Water over 5,000 Gallons

Schedule of Number of Customers
Proprietary Fund Type
For the year ended October 31, 2008

	Residential	Commercial	Industrial	Total
Gas	778	196	3	977
Water	1,235	376	-	1,611
Sewer	1,246	355	-	1,601
Total	<u>3,259</u>	<u>927</u>	<u>3</u>	<u>4,189</u>

Commerical customers have a meter size larger than the residential size (3/4") = 26.

Schedule 23

Town of Franklinton
Schedule of Insurance
For the year ended October 31, 2008

Insurance Company / Policy Number	Coverage	Amount	Period
CNA	Commercial Property	\$ 2,693,393	4/4/2008 to 4/4/2009
MNP271360437	General Liability (occure/aggreg)	1 mil/2mil	
MNA271360989	Commercial Automobile	1,000,000	
MNP271360437	Inland Marine (Scheduled)	330,000	
CNA			
68486705	Fidelity Bond: Mayor	100,000	4/9/2008 to 4/9/2009
68486705	Fidelity Bond: Clerk	100,000	4/9/2008 to 4/9/2009
01166022A	Fidelity Bond: Limit each for Clerk, and two Assistant Clerks	15,000	9/14/2008 to 9/14/2009
Louisiana Workers Comp Corporation	Workers Compensation at Statutory Limitations:		11/15/2008 to 11/15/2009
LWCC 72437	Employers Liability (each accident)	100,000	
	Employees Liability (each accident)	100,000	
	Disease, Policy Limit		
Old Republic PR-149109	Airport Liability	1,000,000	2/19/2008 to 2/19/2009
Columbia Casualty	Law Enforcement Liability	1,000,000	4/4/2008 to 4/4/2009
223457718	Public Officials Errors & Omissions	1,000,000	
223457752			

Schedule 24

Town of Franklinton
Schedule of Compensation Paid to Board Members
For the year ended October 31, 2008

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
Earle Brown, Mayor (985) 839-2175	1109 Lynnwood Franklinton, LA 70438	\$ 29,500
John L. Daniel, Alderman (985) 839-2382	309 10th Avenue Franklinton, LA 70438	6,000
Florence R. Manning, Alderwoman (985) 839-4291	P.O. Box 684 Franklinton, LA 70438	6,000
T.J. Butler, Aldermen (985) 839-3436	727 18th Avenue Franklinton, LA 70438	6,000
Wayne Flemming, Aldermen (985) 839-0173	1507 12th Avenue Franklinton, LA 70438	6,000
William Durden, Aldermen (985) 839-4413	820 11th Avenue Franklinton, LA 70438	6,000
		<u>\$ 59,500</u>

Terms end December 31, 2008 for Board Members



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor, Wayne Fleming
and Board of Aldermen
Town of Franklinton, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **TOWN OF FRANKLINTON, LOUISIANA** (the Town), as of and for the year ended October 31, 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Franklinton, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Franklinton, Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

110 VETERANS MEMORIAL BOULEVARD, SUITE 200, METairie, LA 70005-4958 • 504.835.5522 • FAX 504.835.5535
5100 VILLAGE WALK, SUITE 300, COVINGTON, LA 70433-4012 • 985.892.5850 • FAX 985.892.5956
TOWN HALL WEST, 10000 PERKINS ROWE, STE. 200, BATON ROUGE, LA 70810-1797 • 225.296.5150 • FAX 225.296.5151
WWW.LAPORTE.COM

RSM McGladrey Network
A member of the RSM Group

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses.

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the management of **TOWN OF FRANKLINTON, LOUISIANA**, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

April 6, 2009

Town of Franklinton, Louisiana
Schedule of Findings and Responses
For the Year Ended October 31, 2008

2008 - 1 Noncompliance with Local Government Budget Act

<i>Criteria</i>	Louisiana Revised Statute 39:1305 requires that a budget be adopted for the General Fund and all special revenue funds. Louisiana Revised Statute 39:1311 requires the Mayor to notify, in writing, the Board of Aldermen when actual expenditures exceed budgeted expenditures by five percent or more and that upon notification the Board of Aldermen adopt an amendment to the budget.
<i>Condition</i>	During our testing of compliance with the provisions of certain laws, we noted that no budget was adopted for the Industrial Development Grant Special Revenue Fund. We also noted that actual expenditures for the general fund exceeded the final budget by 10.6% indicating that notification was not sent to the Board of Alderman of the large variance or notification was sent and no amendment was adopted.
<i>Cause</i>	There appears to be several causes of the condition above. The Industrial Development Grant Special Revenue Fund is a new fund created during the fiscal year ending October 31, 2008. It was an oversight by management that a budget was not adopted for this new fund. The large variance in the general fund was due to an unanticipated reclassification entry to report a \$300,000 transfer to other entities. This was also an oversight by management.
<i>Effect</i>	The effect of the condition above appears to be a violation of LRS 39:1305 and LRS 39:1311.
<i>Recommendation</i>	The Town should review Local Government Budget Act, adopt a budget for all required funds, and closely monitor the budget so that required amendments are made.
<i>Management Response</i>	The Town will review the Local Government Budget Act, adopt a budget for all required funds, and closely monitor the budget so that all required amendments are made.

Town of Franklinton, Louisiana
Schedule of Prior Audit Findings
For the Year Ended October 31, 2006

2007 - 1 Failure to Amend Budget

Status This finding has not been resolved. See current year finding 2008-1.

TOWN OF FRANKLINTON
301 Eleventh Avenue
Franklinton, Louisiana 70438

M. Wayne Fleming, Mayor

Phone 985-839-3569
Fax 985-839-3552

Aldermen
T. J. Butler, Jr.
John L. Daniel
Richard Dillon
Florence Manning
Brad Orman

April 6, 2009

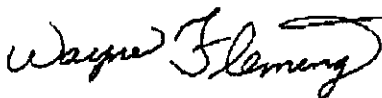
Legislative Audit Advisory Committee
P.O. Box 94397
Baton Rouge, LA 70804-9397

To Whom It May Concern:

I am writing in response to a compliance finding included in the audit of the Town of Franklinton for the year ended October 31, 2008.

2008-1 Town personnel will review the Local Government Budget Act, adopt a budget for all required funds, and closely monitor the budget so that all required amendments are made.

Sincerely,



Wayne Fleming
Mayor